

News Release



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U.S. Labor Secretary Elaine L. Chao Announces Agreement with United Airlines to Appoint Independent Fiduciary To Manage Pension Plans

WASHINGTON— U.S. Secretary of Labor Elaine L. Chao today announced that an independent fiduciary will be appointed to represent the interest of the participants and beneficiaries in United Airlines' (UAL) pension plans.

“United Airlines’ decision to stop funding its pension plans made clear the need to appoint an independent fiduciary to represent the interests of workers and retirees,” said U.S. Secretary of Labor Elaine L. Chao. “This agreement ensures that workers’ interests are protected.”

Under the terms of the agreement, signed today by the U.S. Labor Department and UAL, the independent fiduciary will be selected by the company, subject to the approval of the department. The independent fiduciary will be responsible for issues related to the funding of the pension plans. Specifically, the independent fiduciary is authorized to:

- ?? Review the funding policy of the plans;
- ?? Assert claims; and
- ?? If necessary, bring litigation related to funding and contribution issues on behalf of the plans.

In June, the UAL Board of Directors changed the structure for managing its retirement plans by eliminating the plans’ administrative committee and appointing UAL as the sole fiduciary for the plans. On July 15, UAL failed to make a required \$72 million contribution to three of the plans. On July 23, the company announced that it would not make any of its legally and contractually required contributions to the plans while still in bankruptcy. Another payment of \$400 million is due on September 15. Under the department’s agreement, UAL must have an independent fiduciary in place prior to September 15.

UAL sponsors four major pension plans covering nearly 120,000 employees. The company filed for Chapter 11 bankruptcy on Dec. 9, 2002.

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