

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1995, Commission File Number 1-6033

UAL CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware 36-2675207
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1200 East Algonquin Road, Elk Grove Township, Illinois 60007
Mailing Address: P. O. Box 66919, Chicago, Illinois 60666
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (708) 952-4000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 1995
Common Stock (\$0.01 par value)	12,667,272

UAL Corporation and Subsidiary Companies Report on Form 10-Q
For the Quarter Ended September 30, 1995

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UAL Corporation and Subsidiary Companies
Condensed Statement of Consolidated Financial Position
(In Millions)

Assets	September 30, 1995 (Unaudited)	December 31, 1994
Current assets:		
Cash and cash equivalents	\$ 431	\$ 500
Short-term investments	1,198	1,032
Receivables, net	1,120	889
Inventories, net	304	285
Deferred income taxes	135	151
Prepaid expenses and other	348	335
	3,536	3,192
Operating property and equipment:		
Owned	11,015	10,824
Accumulated depreciation and amortization	(5,064)	(4,786)
	5,951	6,038
Capital leases	1,386	1,132
Accumulated amortization	(490)	(447)
	896	685
	6,847	6,723
Other assets:		
Intangibles, net	772	814
Deferred income taxes	346	480
Other	569	555
	1,687	1,849
	\$12,070	\$11,764

See accompanying notes to consolidated financial statements.

Liabilities and Stockholders' Equity	September 30, 1995 (Unaudited)	December 31, 1994
Current liabilities:		
Short-term borrowings	\$ -	\$ 269
Current portions of long-term debt and capital lease obligations	305	460
Advance ticket sales	1,322	1,020
Accounts payable	719	651
Other	2,575	2,506
	4,921	4,906
Long-term debt	3,087	2,887
Long-term obligations under capital leases	922	730
Other liabilities and deferred credits:		
Deferred pension liability	251	520
Postretirement benefit liability	1,211	1,148
Deferred gains	1,245	1,363
Other	520	477
	3,227	3,508
Minority interest	57	49
Stockholders' equity:		
Preferred stock	-	-
Common stock at par	-	-
Additional capital invested	1,316	1,287
Retained earnings (deficit)	(981)	(1,335)
Unearned ESOP preferred stock	(285)	(83)
Other	(194)	(185)
	(144)	(316)
Commitments and contingent liabilities (See note)		
	\$12,070	\$11,764

See accompanying notes to consolidated financial statements.

UAL Corporation and Subsidiary Companies
Statement of Consolidated Operations (Unaudited)
(In Millions, Except Per Share)

	Three Months Ended September 30	
	1995	1994
Operating revenues:		
Passenger	\$3,694	\$3,400
Cargo	197	169
Other operating revenues	236	245
	4,127	3,814
Operating expenses:		
Salaries and related costs	1,137	1,160
ESOP compensation expense	139	88
Aircraft fuel	435	425
Commissions	409	389
Aircraft rent	258	231
Purchased services	277	244
Depreciation and amortization	182	184
Landing fees and other rent	215	165
Food services	146	141
Aircraft maintenance	100	102
Personnel expenses	76	62
Other operating expenses	286	311
	3,660	3,502
Earnings from operations	467	312
Other income (expense):		
Interest expense	(101)	(102)
Interest capitalized	9	12
Interest income	27	21

Equity in earnings of affiliates	14	6
Miscellaneous, net	(22)	(87)
	(73)	(150)
Earnings before income taxes	394	162
Provision for income taxes	151	80
Net earnings	\$ 243	\$ 82
Net earnings per share:		
Primary	\$14.06	\$ 4.24
Fully-diluted	\$12.87	\$ 4.21
Average shares:		
Primary	16.4	14.5
Fully-diluted	18.3	14.6

See accompanying notes to consolidated financial statements.

UAL Corporation and Subsidiary Companies
Statement of Consolidated Operations (Unaudited)

(In Millions, Except Per Share)

	Nine Months Ended September 30	
	1995	1994
Operating revenues:		
Passenger	\$10,006	\$ 9,273
Cargo	557	501
Other operating revenues	713	737
	11,276	10,511
Operating expenses:		
Salaries and related costs	3,396	3,578
ESOP compensation expense	336	88
Aircraft fuel	1,225	1,174
Commissions	1,115	1,083
Aircraft rent	768	687
Purchased services	782	698
Depreciation and amortization	519	539
Landing fees and other rent	595	464
Food services	400	355
Aircraft maintenance	302	329
Personnel expenses	209	186
Other operating expenses	822	887
	10,469	10,068
Earnings from operations	807	443
Other income (expense):		
Interest expense	(304)	(268)
Interest capitalized	31	31
Interest income	75	62
Equity in earnings of affiliates	41	20
Miscellaneous, net	1	(127)
	(156)	(282)
Earnings before income taxes and cumulative effect of accounting change	651	161
Provision for income taxes	254	95
Earnings before cumulative effect of accounting change	397	66
Cumulative effect of accounting change, net of tax	-	(26)
Net earnings	\$ 397	\$ 40
Per share, primary:		
Earnings before cumulative effect of accounting change	\$ 25.89	\$ 1.25

Cumulative effect of accounting change	-	(1.22)
Net earnings	\$ 25.89	\$ 0.03
Net earnings per share, fully-diluted	\$ 23.82	\$ 0.03
Average shares:		
Primary	15.4	21.2
Fully-diluted	17.5	21.4

See accompanying notes to consolidated financial statements.

UAL Corporation and Subsidiary Companies
Condensed Statement of Consolidated Cash Flows (Unaudited)
(In Millions)

	Nine Months Ended September 30	
	1995	1994
Cash and cash equivalents at beginning of period	\$ 500	\$ 437
Cash flows from operating activities	1,372	1,179
Cash flows from investing activities:		
Additions to property and equipment	(742)	(424)
Proceeds on disposition of property and equipment	446	419
Decrease (increase) in short-term investments	(167)	283
Other, net	(22)	21
	(485)	299
Cash flows from financing activities:		
Repayment of long-term debt	(518)	(115)
Issuance of long-term debt	-	735
Principal payments under capital lease obligations	(67)	(77)
Decrease in short-term borrowings	(269)	(46)
Dividends paid	(39)	(31)
Issuance of preferred stock	-	400
Recapitalization distribution	-	(2,068)
Other, net	(63)	26
	(956)	(1,176)
Increase (decrease) in cash and cash equivalents	(69)	302
Cash and cash equivalents at end of period	\$ 431	\$ 739
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 253	\$ 213
Income taxes	\$ 63	\$ 13
Non-cash transactions:		
Capital lease obligations incurred	\$ 280	\$ -
Long-term debt incurred in connection with additions to equipment	\$ 23	\$ 18
Long-term debt issued in exchange for Series A preferred stock	\$ 546	\$ -
Unrealized gain on investments	\$ 4	\$ 2

See accompanying notes to consolidated financial statements.

UAL Corporation ("UAL") is a holding company whose principal subsidiary is United Air Lines, Inc. ("United").

Interim Financial Statements

The consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to or as permitted by such rules and regulations, although UAL believes that the disclosures are adequate to make the information presented not misleading. In management's opinion, all adjustments (which, except for the effects on the 1994 periods of the employee investment transaction, include only normal recurring adjustments) necessary for a fair presentation of the results of operations for the three and nine month periods have been made. These financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in UAL's Annual Report on Form 10-K for the year 1994.

ESOP Compensation Expense

"ESOP compensation expense" represents the estimated average fair value of ESOP convertible preferred stock committed to be released to employees for the period, net of amounts used to satisfy dividend requirements for previously allocated ESOP convertible preferred shares, under Employee Stock Ownership Plans which were created as a part of the July 1994 employee investment transaction and recapitalization. ESOP compensation expense is credited directly to stockholders' equity.

Other Income (Expense) - Miscellaneous

"Miscellaneous, net" consisted of the following:

	Third Quarter		Nine-month Period	
	1995	1994	1995	1994
Foreign exchange gains (losses)	\$(16)	\$ -	\$(14)	\$ 9
Gains on dispositions of property	7	2	49	8
Minority interests in Apollo Travel Services	(6)	(6)	(18)	(18)
Recapitalization transaction costs	-	(80)	-	(121)
Other	(7)	(3)	(16)	(5)
	\$(22)	\$(87)	\$ 1	\$(127)

Income Taxes

The provisions for income taxes for the 1995 third quarter and nine-month period are based on the estimated annual effective tax rate, which differs from the federal statutory rate of 35% principally due to state income taxes and certain nondeductible expenses. The provisions for income taxes for the 1994 third quarter and nine-month period were based on the actual effective tax rate for the periods, and include the effects of nondeductible expenses related to the employee investment transaction and recapitalization. Deferred tax assets are recognized based upon UAL's history of operating earnings and expectations for future taxable income.

Accounting Change

UAL adopted Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1994. The effect of adopting SFAS No. 112 was a cumulative charge for recognition of the transition liability of \$42 million, before tax benefits of \$16 million.

Per Share Amounts

In April 1995, UAL issued convertible subordinated debentures in exchange for Series A preferred stock (See Preferred Stock Transactions). As a result of the exchange, UAL recorded a non-cash

increase of \$45 million in additional capital invested representing the excess of the carrying value of the preferred stock exchanged over the fair value of the new debentures. In May 1995, UAL repurchased 420 shares of its Series B preferred stock, resulting in a \$1.9 million decrease in equity (See Preferred Stock Transactions). These transactions had no effect on earnings; however, their net impact on UAL's equity is included in the computation of earnings per share. The impact on earnings per share for the nine months ended September 30, 1995 was as follows:

Per share, primary:

Net earnings before preferred stock transactions	\$23.09
Preferred stock transactions	2.80
	\$25.89

Per share, fully-diluted:

Net earnings before preferred stock transactions	\$21.36
Preferred stock transactions	2.46
	\$23.82

Per share amounts were calculated after providing for dividends on preferred stock of \$13 million in the 1995 third quarter, \$20 million in the 1994 third quarter, \$42 million in the 1995 nine-month period and \$39 million in the 1994 nine-month period.

Primary per share amounts were based on weighted average common shares and common equivalents outstanding, including ESOP shares committed to be released. In addition, fully-diluted per share amounts assume the conversion of convertible debentures and elimination of related interest.

In connection with the July 1994 recapitalization, each old common share was exchanged for one half new common share. As required under generally accepted accounting principles for transactions of this type, the historical weighted average shares outstanding have not been restated. Thus, direct comparisons between per share amounts for the 1995 and 1994 periods presented are not meaningful.

Affiliates

United owns 38% of the Galileo International Partnership ("Galileo") through a wholly-owned subsidiary. United's investment in Galileo, which owns the Apollo and Galileo computer reservations systems, is carried on the equity basis. United also owns 77% of the Apollo Travel Services Partnership and its accounts are consolidated.

Under operating agreements with Galileo, United purchases computer reservation services from Galileo and provides marketing, sales and communication services to Galileo. Revenues derived from the sale of services to Galileo amounted to approximately \$59 million in the 1995 third quarter, \$60 million in the 1994 third quarter, \$183 million in the 1995 nine-month period and \$178 million in the 1994 nine-month period. The cost to United of services purchased from Galileo amounted to approximately \$28 million in the 1995 third quarter, \$24 million in the 1994 third quarter, \$80 million in the 1995 nine-month period and \$70 million in the 1994 nine-month period.

Short-term Borrowings

In the second quarter of 1995, United repaid all \$269 million of its outstanding short-term borrowings. United has the ability to borrow up to \$270 million under this short-term facility, which was recently extended through February 1996.

Prepayment of Obligations

In September 1995, United retired \$91 million of outstanding Japanese yen-denominated deferred purchase certificates. The remaining balance of these certificates, amounting to \$104 million, will be retired in the fourth quarter. The certificates were scheduled for repayment periodically through 1998. In connection with the obligations referred to above, United had entered into a foreign currency swap contract, which was designated as a hedge, to reduce exposure to currency fluctuations. The portion of this swap contract related to the debt retired in September was terminated at the same time as the obligations. Similarly, the portion of the swap contract related to the remaining debt balance will be terminated in the fourth quarter. The

retirement has thus far resulted, and is expected to result in the aggregate, in an insignificant loss.

In September 1995, United also terminated related operating leases for 15 aircraft, by exercising its right to acquire the aircraft. Operating property and equipment increased \$200 million as a result of the acquisition of these aircraft. In the fourth quarter, United will terminate operating leases for an additional 24 aircraft, acquiring the aircraft and increasing operating property and equipment by approximately \$200 million. Termination of these leases will reduce future minimum lease payments, as reported at December 31, 1994, by \$130 million in each of 1996 and 1997 and by \$166 million in 1998.

In addition to scheduled principal payments, repurchases of preferred stock (See Preferred Stock Transactions) and the deferred purchase certificate retirement, United repaid \$150 million in principal amount of debentures and \$223 million in principal amount of secured notes in the first nine months of 1995, resulting in an insignificant loss.

In October 1995, United repaid prior to maturity an additional \$19 million in principal amount of debentures.

Shelf Registration Statement

In May 1995, United issued \$246 million of pass through certificates under an effective shelf registration statement UAL and United have on file with the Securities and Exchange Commission. The pass through certificates were issued to finance or refinance certain aircraft under operating leases. At September 30, 1995, up to \$789 million of securities could be issued under the shelf registration statement, including secured and unsecured debt, equipment trust and pass through certificates, equity or a combination thereof. UAL's ability to issue equity securities is limited by its certificate of incorporation, which was restated in connection with the recapitalization.

Preferred Stock Transactions

In April 1995, UAL issued \$600 million in principal amount of 6 3/8% convertible subordinated debentures due 2025 in exchange for all outstanding shares of its Series A convertible preferred stock. As a result of the difference between the carrying value of the preferred stock exchanged and the fair value of the new debentures, the exchange resulted in a net decrease in additional capital invested of only \$546 million. The debentures are convertible into a combination of \$541.90 in cash and approximately 3.192 shares of UAL common stock (equivalent to a conversion price of \$143.50 per share of common stock) for each \$1,000 in principal amount. The debentures are redeemable at any time on or after May 1, 1996, at UAL's option, initially at a redemption price of 104.375% of the principal amount, declining ratably to 100% of the principal amount over seven years. UAL may only exercise this option if the market value of its common stock exceeds 120% of the conversion price of the debentures for at least 20 of 30 consecutive trading days prior to the notice of redemption, subject to certain conditions. Additionally, UAL has the right to defer the payment of interest on the debentures for up to 20 consecutive quarters. In August 1995, a holder converted \$3 million in principal amount of debentures.

In May 1995, UAL repurchased 420,000 depository shares, representing 420 shares of its Series B 12 1/4% preferred stock, at an aggregate cost of \$12 million to be held in treasury. In addition, in October and November 1995, UAL repurchased 1,550,609 depository shares at an aggregate cost of \$47 million to be held in treasury.

Contingencies and Commitments

UAL has certain contingencies resulting from litigation and claims (including environmental issues) incident to the ordinary course of business. Management believes, after considering a number of factors, including (but not limited to) the views of legal counsel, the nature of contingencies to which UAL is subject and its prior experience, that the ultimate disposition of these contingencies is not expected to materially affect UAL's consolidated financial position or results of operations.

At September 30, 1995, commitments for the purchase of property and equipment, principally aircraft, approximated \$3.8 billion, after deducting advance payments. An estimated \$0.3 billion will be spent during the remainder of 1995, \$1.5 billion in 1996, \$1.3 billion in 1997, \$0.5 billion in 1998 and \$0.2 billion in 1999 and thereafter. The

major commitments are for the purchase of 27 B777 aircraft (11 of which, beginning in 1997, are longer-range "B" market versions), two B747 aircraft and four B757 aircraft. The B777s are scheduled to be delivered through 1999 and the B747s and B757s are expected to be delivered in 1996.

In addition to aircraft orders, United has arrangements with Airbus Industrie and International Aero Engines to lease an additional 21 A320 aircraft, which are scheduled for delivery through 1998. At September 30, 1995, United also had options for an additional 144 B737 aircraft, 31 B757 aircraft, 34 B777 aircraft, 43 B747 aircraft, 6 B767 aircraft and 47 A320 aircraft. These option amounts have been reduced to reflect the recent confirmation of two B747 options, the replacement of two B767 options with the B757 orders mentioned above and cancellation of certain options. Under the terms of certain of these remaining options which are exercisable during 1996 and 1997, United would forfeit significant deposits on such options it does not exercise.

Sale of Aircraft

During the first six months of 1995, Air Wisconsin, Inc. sold ten Dash 8 aircraft and related spare parts to Mesa Airlines. The sale resulted in a pre-tax gain of \$41 million. In connection with the sale, United agreed to a ten-year extension of its United Express marketing agreement with Mesa Airlines.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

UAL's total of cash and cash equivalents and short-term investments was \$1.629 billion at September 30, 1995, compared to \$1.532 billion at December 31, 1994. Cash flows from operating activities amounted to \$1.372 billion. Investing activities, excluding the increase in short-term investments, resulted in cash outflows of \$318 million. Financing activities included principal payments under debt and capital lease obligations of \$518 million and \$67 million, respectively, and the repayment of \$269 million of short-term borrowings. Included in the debt payments above was the retirement of \$453 million of long-term debt prior to maturity.

In April 1995, UAL issued \$600 million in principal amount of convertible subordinated debentures in exchange for all outstanding shares of its Series A convertible preferred stock. As a result of the exchange, UAL recorded a non-cash increase of \$45 million in additional capital invested representing the excess of the carrying value of the preferred stock exchanged over the fair value of the new debentures.

In the first nine months of 1995, United took delivery of eight A320 aircraft under operating leases. During the period, United also took delivery of seven B777 aircraft, three under capital leases and four which were initially purchased. Of the four B777 aircraft purchased, three were subsequently sold and leased back under operating leases. In addition, United acquired 15 previously leased aircraft, 9 B727s and 6 DC10s, upon termination of operating leases. Property additions, including aircraft and spare parts, amounted to \$742 million. Property dispositions, including the sale and leaseback of the three B777s and the sale of Dash 8 aircraft by Air Wisconsin, Inc., resulted in proceeds of \$446 million.

In the fourth quarter of 1995, United will retire prior to maturity the remaining balance, \$104 million, of Japanese yen-denominated debt and terminate related operating leases for 24 aircraft by acquiring the aircraft from the lessor. UAL may from time to time purchase on the open market in privately negotiated purchases or otherwise debentures or preferred stock as part of its efforts to reduce its obligations and improve its balance sheet.

At September 30, 1995, commitments for the purchase of property and equipment, principally aircraft, approximated \$3.8 billion, after deducting advance payments. An estimated \$0.3 billion will be spent during the remainder of 1995, \$1.5 billion in 1996, \$1.3 billion in 1997, \$0.5 billion in 1998 and \$0.2 billion in 1999 and thereafter. The major commitments are for the purchase of 27 B777 aircraft (11 of which, beginning in 1997, are longer-range "B" market versions), two B747 aircraft and four B757 aircraft. The B777s are scheduled to be delivered through 1999 and the B747s and B757s are expected to be delivered in 1996.

In addition to aircraft orders, United has arrangements with Airbus Industrie and International Aero Engines to lease 21 A320 aircraft, which are scheduled for delivery through 1998. At September 30, 1995, United also had options for an additional 144 B737 aircraft, 31 B757 aircraft, 34 B777 aircraft, 43 B747 aircraft, 6 B767 aircraft and 47 A320 aircraft. Under the terms of certain of these options which are exercisable during 1996 and 1997, United would forfeit significant deposits on such options it does not exercise. Funds necessary to finance aircraft acquisitions are expected to be obtained from internally generated funds, irrevocable external financing arrangements or other external sources.

In April 1995, United announced that, under a revised fleet plan, it would use most of the new aircraft to be delivered through 1997 to replace older aircraft in its fleet. As a result, the number of aircraft in United's operating fleet is expected to increase by 19 during that time, compared to an increase of 48 aircraft called for by United's previous fleet plan. In October 1995, certain employees of the Boeing Company ("Boeing") began a labor strike, which will affect Boeing's ability to deliver as scheduled certain new aircraft which United has on order. Specifically, three B777 aircraft which were scheduled for delivery in the fourth quarter of 1995 are now expected to be delivered in 1996. United expects to make schedule adjustments to minimize the effects of the strike on its operations; however, continuation of the strike may impact planned growth in capacity for 1996.

In May 1995, United issued \$246 million of pass through certificates under an effective shelf registration statement UAL and United have on file with the Securities and Exchange Commission. The pass through certificates were issued to finance or refinance certain aircraft under operating leases. At September 30, 1995, up to \$789 million of securities could be issued under the shelf registration statement, including secured and unsecured debt, equipment trust and pass through certificates, equity or a combination thereof. UAL's ability to issue equity securities is limited by its certificate of incorporation, which was restated in connection with the recapitalization.

In June 1995, the Indianapolis Airport Authority issued \$221 million of special facility bonds, guaranteed by United, related to the maintenance facilities being constructed at its Indianapolis Maintenance Center. In connection with the construction of the Indianapolis Maintenance Center, United agreed to reach an \$800 million capital spending target by the year 2001 and employ at least 7,500 individuals by the year 2004. In the event that such targets are not reached, United may be required to make certain additional payments under related agreements.

In October 1995, UAL announced that it is conducting an evaluation of USAir Group, Inc. ("USAir") to determine whether it should submit a proposal to acquire USAir's business and operations. UAL expects to make a decision during the fourth quarter as to whether it will submit an offer. There can be no assurance that UAL will submit any proposal to USAir or, if submitted, as to the terms and conditions of any such proposal, or that any transaction will be consummated. Such an acquisition of USAir's business could have a significant impact on UAL's financial position, results of operations and liquidity. Immediately following this announcement, Standard and Poor's placed UAL and United securities on CreditWatch with negative implications.

RESULTS OF OPERATIONS

UAL's results of operations for interim periods are not necessarily indicative of those for an entire year, as a result of seasonal factors to which United is subject. First and fourth quarter results are normally affected by reduced travel demand in the fall and winter and United's operations, particularly at its Chicago and Denver hubs, are adversely affected by winter weather on occasion.

The results of operations in the airline business historically fluctuate significantly in response to general economic conditions. This is because small fluctuations in yield (passenger revenue per revenue passenger mile) and cost per available seat mile can have a significant effect on operating results. UAL anticipates industrywide fare levels, low-cost competition, general economic conditions, fuel costs, international governmental policies and other factors will continue to affect its operating results.

The July 1994 employee investment transaction and recapitalization resulted in wage and benefit reductions and work-rule changes which were designed to reduce cash operating expenses. These cash expense reductions are offset by non-cash compensation charges for stock periodically committed to be released to employees under the ESOPs and additional interest expense on the debentures issued at the time of the recapitalization.

As a result of the recapitalization, UAL's capital structure became more highly leveraged. With the increase in debt and reduction in equity resulting from the recapitalization, UAL's exposure to certain industry risks could be greater than might have been the case prior to the recapitalization. In addition, the transaction resulted in new labor agreements for certain employee groups and a new corporate governance structure, which was designed to achieve balance between the various employee-owner groups and public stockholders. The new labor agreements and governance structure could inhibit management's ability to alter strategy in a volatile, competitive industry by restricting certain operating and financing activities, including the sale of assets and the issuance of equity securities and the ability to furlough employees. UAL's ability to react to competition may be hampered further by the fixed long-term nature of these various agreements. The continued success of the recapitalization will be dependent upon a number of factors, including the state of the competitive environment in the airline industry, competitive responses to United's efforts, United's ability to achieve enduring cost savings through productivity improvements and the renegotiation of labor agreements at the end of the investment period.

United generates revenues and incurs expenses in numerous foreign currencies. These expenses include reservation and ticket office services, customer service, aircraft maintenance, catering, commissions, aircraft leases and personnel costs. Changes in foreign currency exchange rates impact operating income through changes in foreign currency-denominated operating revenues and expenses. Despite the adverse (favorable) effects a strengthening (weakening) foreign currency will have on U.S. originating traffic, a strengthening (weakening) of foreign currencies tends to increase (decrease) reported revenue and operating income because United's foreign currency-denominated operating revenue generally exceeds its foreign currency-denominated operating expense for each currency. United's biggest net exposures are for Japanese yen and Australian dollars. During the first nine months of 1995, yen-denominated operating revenue net of yen-denominated operating expense was approximately 26.4 billion yen (approximately \$296 million), and Australian dollar-denominated operating revenue net of Australian dollar-denominated operating expense was approximately 134 million Australian dollars (approximately \$99 million).

Other non-operating income (expense) is also affected as a result of transaction gains and losses resulting from rate fluctuation. The foreign exchange gains and losses recorded by United result from the impact of exchange rate changes on foreign currency denominated assets and liabilities. To the extent yen-denominated liability balances are predictable, United attempts to minimize transaction gains and losses by investing in yen-denominated time deposits to offset the impact of rate changes. In addition, United entered into a foreign currency swap contract in 1994 to reduce exposure to currency fluctuations in connection with other long-term yen-denominated obligations. Where no significant liability exists to offset, United mitigates its exposure to foreign exchange rate fluctuations by converting excess local currencies generated to U.S. dollars. At September 30, 1995, yen-denominated assets in excess of yen-denominated liabilities were used to hedge certain operating lease obligations.

United expects that it will continue to be affected by the above mentioned factors, but cannot predict how foreign currency exchange rates will move in the future.

The Omnibus Budget Reconciliation Act of 1993 signed into law on August 10, 1993, imposes a 4.3 cent per gallon tax on commercial aviation jet fuel purchased for use in domestic operations. This new fuel tax became effective October 1, 1995. Based on United's 1994 domestic fuel consumption of 1.7 billion gallons, the new fuel tax is expected to increase United's operating expenses by approximately \$75 million annually.

In the first quarter of 1995, United implemented a new travel agency commission payment plan that offers a maximum of \$50 for round-trip domestic tickets and a maximum of \$25 for one-way domestic tickets. The new commission plan resulted in a reduction of approximately \$60 million in United's commission expense for the first

nine months of 1995 and United estimates the reduction of commission expense to be between \$20 million and \$30 million per quarter on an on-going basis. Litigation challenging this payment plan has been filed against United and other airlines who adopted similar payment plans. In the third quarter of 1995, the defendant airlines' motion for summary judgment was denied, as was the plaintiff travel agencies' motion for preliminary injunction. (See Part II, Item 1. Legal Proceedings)

Summary of Results and Impact of Recapitalization

UAL's earnings from operations were \$807 million in the first nine months of 1995, compared to operating earnings of \$443 million in the first nine months of 1994. UAL's net earnings in the 1995 nine-month period were \$397 million (\$25.89 per share, primary; \$23.82 per share, fully diluted), compared to net earnings of \$40 million in the same period of 1994 (\$0.03 per share). The 1994 earnings include a \$26 million after tax charge for the cumulative effect of adopting Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," which UAL adopted effective January 1, 1994.

In the third quarter of 1995, UAL's earnings from operations were \$467 million, compared to \$312 million in the third quarter of 1994. UAL's net earnings in the third quarter of 1995 were \$243 million (\$14.06 per share, primary; \$12.87 per share, fully diluted), compared to net earnings of \$82 million in the third quarter of 1994 (\$4.24 per share, primary; \$4.21 per share, fully diluted).

The per share amounts for the 1995 nine-month period above include the effects on equity of the exchange of convertible debentures for Series A convertible preferred stock, which had the effect of increasing additional capital invested by \$45 million, and the repurchase of Series B preferred stock, which decreased equity by \$2 million. See "Per Share Amounts" in the notes to consolidated financial statements. Excluding the preferred stock transactions, UAL's earnings per share were \$23.09, primary, and \$21.36, fully diluted, for the 1995 nine-month period.

In connection with the July 1994 recapitalization, each share of old common stock was converted to one half share of new common stock (and cash in lieu of fractional shares) and \$84.81 in cash. As a result, the number of outstanding shares was reduced proportionately. Accordingly, the weighted average shares in the earnings per share calculations are based on the number of old common shares outstanding prior to the recapitalization and the reduced number of new common shares outstanding subsequent to the transaction. Thus, direct comparisons between per share amounts for the 1995 and 1994 periods presented are not meaningful.

Management believes that a more complete understanding of UAL's results can be gained by viewing them on a pro forma, "fully distributed" basis. This approach considers all ESOP shares which will ultimately be distributed to employees throughout the ESOP (rather than just the shares committed to be released) to be immediately outstanding and thus fully distributed. Consistent with this method, the ESOP compensation expense is excluded from fully distributed net earnings and ESOP convertible preferred stock dividends are not deducted from earnings attributable to common stockholders. On a fully distributed basis, UAL's net earnings for the 1995 third quarter would have been \$334 million compared to \$243 million as reported under generally accepted accounting principles. On a fully distributed basis, UAL's net earnings for the 1995 nine-month period would have been \$607 million compared to \$397 million as reported under generally accepted accounting principles. Per share amounts would be as follows:

	Three Months Ended September 30, 1995		Nine Months Ended September 30, 1995	
	GAAP (Primary)	Fully Distributed	GAAP (Primary)	Fully Distributed
Earnings before preferred stock transactions	\$ 14.06	\$ 10.11	\$ 23.09	\$ 18.23
Preferred stock transactions	-	-	2.80	1.32
	\$ 14.06	\$ 10.11	\$ 25.89	\$ 19.55

Specific factors affecting UAL's consolidated operations for the third quarter and first nine months of 1995 are described below.

Third Quarter 1995 Compared with Third Quarter 1994.

Operating revenues increased \$313 million (8%). United's revenue per available seat mile increased 4% to 9.79 cents. Passenger revenues increased \$294 million (9%) due to an 8% increase in yield to 11.87 cents and a 1% increase in revenue passenger miles. Pacific revenue passenger miles increased 5% and Latin America increased 1%. Atlantic revenue passenger miles decreased 5% and Domestic was relatively unchanged. Available seat miles increased 4% systemwide, as increases of 7% and 6% on Pacific and Domestic routes, respectively, were partially offset by a 6% decrease in the Atlantic. Latin American available seat miles were unchanged. The system passenger load factor decreased 2.9 points to 73.7%.

Cargo revenues increased \$28 million (17%), as both freight and mail revenues increased due to higher cargo volumes. Other operating revenues decreased \$9 million (4%) due mainly to lower fuel sales.

Operating expenses increased \$158 million (5%); however, United's cost per available seat mile increased only slightly, from 8.66 cents to 8.67 cents, including ESOP compensation expense. Without the ESOP compensation expense, United's cost per available seat mile would have increased from 8.32 cents to 8.34 cents. ESOP compensation expense increased \$51 million (58%), reflecting the increase in the estimated average fair value of ESOP stock committed to be released to employees, and a shorter expense period in 1994, as the employee investment transaction took place on July 12, 1994. Landing fees and other rent increased \$50 million (30%) due to increased facilities rent, particularly due to new facilities at Denver International Airport. Purchased services increased \$33 million (14%) due principally to volume-related increases in computer reservations fees and credit card discounts. Aircraft rent increased \$27 million (12%) as a result of new aircraft acquired on operating leases. Personnel expenses increased \$14 million (23%), reflecting increased layover costs incurred principally in support of international operations. Aircraft fuel expense increased \$10 million (2%) due to a 4% increase in consumption, partially offset by a 2% decrease in the average price per gallon of fuel to 58.3 cents.

Salaries and related costs decreased \$23 million (2%) primarily due to \$48 million of one-time ESOP related costs recorded in 1994, partially offset by higher average wage rates for employee groups not participating in the ESOPs and increased staffing in certain customer-oriented positions. Aircraft maintenance decreased \$2 million (2%) due principally to the timing of maintenance cycles. Other operating expenses decreased \$25 million (8%) due mainly to lower costs of fuel sales.

Other expense amounted to \$73 million in the third quarter of 1995 compared to \$150 million in the third quarter of 1994. Interest income increased \$6 million (29%) due to higher average interest rates on investments. Equity in earnings of affiliates increased \$8 million due primarily to higher Galileo earnings resulting from increased booking revenues. Included in "Miscellaneous, net" in the 1995 third quarter was a \$5 million gain on the disposition of a B747 aircraft. Included in the 1994 third quarter was a charge of \$80 million for costs incurred in connection with the employee investment transaction. In addition, the 1995 third quarter included foreign exchange losses of \$16 million, while foreign exchange gains in the 1994 third quarter were insignificant.

Nine Months 1995 Compared with Nine Months 1994.

Operating revenues increased \$765 million (7%). Revenue per available seat mile increased 3% to 9.45 cents. Passenger revenues increased \$733 million (8%) due principally to a 4% increase in revenue passenger miles and a 4% increase in yield to 11.81 cents. Domestic, Pacific and Latin American revenue passenger miles increased 5%, 6% and 1%, respectively. Atlantic revenue passenger miles decreased 4%. Available seat miles increased 5% systemwide, as increases of 11% and 4% on Pacific and Domestic routes, respectively, were partially offset by a 5% decrease in the Atlantic. As a result, United's system passenger load factor decreased 0.4 points to 71.0%.

Cargo revenues increased \$56 million (11%), as both freight and mail revenues increased due to higher cargo volumes. Other operating revenues decreased \$24 million (3%) due primarily to a decrease in fuel sales.

Operating expenses increased \$401 million (4%); however, United's cost per available seat mile decreased from 8.81 cents to 8.77 cents, including ESOP compensation expense. Without the ESOP compensation

expense, United's 1995 nine month cost per available seat mile would have been 8.49 cents, a decrease of 2% from 8.69 cents in 1994. ESOP compensation expense increased \$248 million, reflecting primarily a shorter expense period in 1994, as the employee investment transaction took place on July 12, 1994. Landing fees and other rent increased \$131 million (28%) due to increased facilities rent, primarily due to new facilities at Denver, and increased landing fees as the number of systemwide departures increased 9%. Aircraft rent increased \$81 million (12%) as a result of new A320 and B777 aircraft on operating leases. Purchased services increased \$84 million (12%) due principally to volume-related increases in computer reservations fees and credit card discounts. Aircraft fuel expense increased \$51 million (4%) as fuel consumption increased 5% and the average price per gallon of fuel remained relatively unchanged at 58.0 cents. Food services increased \$45 million (13%) due to the new catering arrangements resulting from the 1994 sale of flight kitchens and increased passenger volumes.

Salaries and related costs decreased \$182 million (5%) primarily due to savings resulting from wage and benefit concessions made by employees participating in the ESOPs, partially offset by higher average wage rates for other employee groups and increased staffing in certain customer-oriented positions. Aircraft maintenance decreased \$27 million (8%) due principally to the removal of certain older aircraft from United's operating fleet and the timing of maintenance cycles. Depreciation and amortization expense decreased \$20 million (4%), as certain assets, principally B727 aircraft, are now fully depreciated. Other operating expenses decreased \$65 million (7%) due mainly to lower fuel sales.

Other expense amounted to \$156 million in the first nine months of 1995 compared to \$282 million in the same period of 1994. Interest expense increased \$36 million (13%) due primarily to interest on the debentures issued in connection with the recapitalization and the convertible debentures issued in exchange for the Series A preferred stock. Included in "Miscellaneous, net" in the 1995 nine-month period was a \$41 million gain on the disposition of ten Dash 8 aircraft and spare parts owned by Air Wisconsin, Inc. Included in the 1994 nine-month period was a charge of \$121 million for costs incurred in connection with the employee investment transaction. In addition, the 1995 and 1994 periods included foreign exchange gains (losses) of \$(14) million and \$9 million, respectively.

The income tax provision for the first nine months of 1994 was significantly impacted by the nondeductibility of certain recapitalization costs.

Part II Other Information

Item 1. Legal Proceedings.

Travel Agency Commission Litigation - On February 13, 1995 and dates thereafter United Air Lines, Inc. and six other airlines were sued in various courts around the nation by travel agents and ASTA claiming as a class action that the carriers acted collusively in violation of federal antitrust laws when they imposed a cap on ticket sales commissions payable to travel agencies by the carriers. As a result of an order by the multi-district panel, the suits are now consolidated before the federal courts in Minneapolis. The court, on August 23, 1995, denied the plaintiffs' motion for preliminary injunction as well as the defendants' motion for summary judgment. The airlines filed an interlocutory appeal on the denial for summary judgment, which was also denied. As relief, the plaintiffs seek an order declaring the carriers' commission cap action to be illegal and the recovery of damages (trebled) to the agencies resulting from that action.

Summers et al. v. State Street Bank and Trust Company et al. On April 14, 1995, plaintiffs filed a class action complaint against State Street Bank and Trust Company ("State Street"), the UAL Corporation Employee Stock Ownership Plan and the UAL Corporation Supplemental Employee Stock Ownership Plan (together, the "Plans") in the United States District Court for the Northern District of Illinois. The complaint is brought on behalf of a putative class of all persons who are, or were as of July 12, 1994, participants or beneficiaries of the Plans. Plaintiffs allege that State Street breached various fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with the 1994 purchase of UAL preferred stock by the Plans. The Plans are nominal defendants; no relief is sought from

them. The complaint seeks a declaration that State Street violated ERISA, restoration to the Plans by State Street of the amount of an alleged "overpayment" for the stock, and other relief. United is obligated, subject to certain exceptions, to indemnify State Street for part or all of an adverse judgment and State Street's defense costs. On July 12, 1995, the defendants filed a motion to dismiss the complaint in its entirety.

Fry v. UAL - This stockholder action, filed in February 1990 in U.S. District Court for the Northern District of Illinois, Eastern Division, alleges violation by UAL of the anti-fraud provisions of the federal securities laws and common law fraud because of UAL's alleged failure to provide proper notice to stockholders about the manner and timing of the distribution of the proceeds of sales of non-airline businesses resulting from the breakup of Allegis. On August 11, 1995, upon UAL's motion for summary judgment, the court dismissed the complaint. The plaintiff has filed a notice of appeal to the Seventh Circuit.

Mileage Plus Class Actions - On December 10, 1993, January 18, 1994, November 3, 1994 and February 9, 1995 class actions were brought in the Circuit Court of Cook County, Illinois, Chancery Division, on behalf of members of the Mileage Plus Program. The actions, as amended, claimed that various changes instituted by United in the Mileage Plus Program breached United's contracts with its program members. On October 13, 1995, the court granted United's motion to dismiss the cases with prejudice.

Item 5. Other Information.

On October 2, 1995, UAL Corporation announced that it is conducting an evaluation of USAir to determine whether it should submit a proposal to acquire USAir's business and operations. There can be no assurance that UAL Corporation will submit any proposal to USAir, or, if submitted, as to the terms and conditions of any such proposal, or that any transaction will be consummated. UAL expects to make a decision during the fourth quarter as to whether it will submit an offer.

Item 6. Exhibits and Reports on Form 8-K.

- (a) Exhibit 10.1 - Second Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of August 17, 1995 and effective as of July 12, 1994.

Exhibit 10.2 - Second Amendment to UAL Corporation Supplemental ESOP, dated as of August 17, 1995 and effective as of July 12, 1994.

Exhibit 11 - Calculation of fully diluted net earnings per share.

Exhibit 12.1 - Computation of Ratio of Earnings to Fixed Charges.

Exhibit 12.2 - Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements.

Exhibit 27 - Financial Data Schedule.

- (b) Form 8-K dated October 2, 1995 to report a press release issued regarding USAir.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UAL CORPORATION

By: /s/ Gerald Greenwald
Gerald Greenwald
Chairman and Chief
Executive Officer

By: /s/ Douglas A. Hacker
Douglas A. Hacker
Senior Vice President-Finance
(Principal Financial and
Accounting Officer)

Dated: November 9, 1995

Exhibit Index

Exhibit No.	Description
10.1	Second Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of August 17, 1995 and effective as of July 12, 1994.
10.2	Second Amendment to UAL Corporation Supplemental ESOP, dated as of August 17, 1995 and effective as of July 12, 1994.
11	Calculation of fully diluted net earnings per share.
12.1	Computation of Ratio of Earnings to Fixed Charges.
12.2	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements.
27	Financial Data Schedule.

SECOND AMENDMENT
UAL CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN
(Effective as of July 12, 1994)

By virtue and in exercise of the amending power reserved to UAL Corporation (the "Company") under Section 13.1(a) of the UAL Corporation Employee Stock Ownership Plan (effective as of July 12, 1994) (the "Plan"), which amending power thereunder is subject to the approval of the Air Line Pilots Association International ("ALPA") and the International Association of Machinists and Aerospace Workers (the "IAM"), the Company hereby amends the Plan, subject to the approval of ALPA and the IAM, as follows, effective January 1, 1995. The amendments to Section 1(p) and 1(yy) as set forth below are intended to document the previously-existing interpretation of the Plan, rather than to accomplish a substantive change to the Plan.

1. The following is hereby inserted as a new paragraph at the end of the material labelled "Part A" which precedes Section 1:

"Solely for the Plan Year beginning on January 1, 1995, the allocation which would be made under the foregoing percentages is amended to take into account the participation by certain members of the IAM Employee Group in the allocation of Class 2 Non-Voting Preferred Stock under the Supplemental Plan pursuant to the Special Annual Allocation for 1995. Accordingly, the shares of Class 1 Non-Voting Preferred Stock allocated for the Plan Year commencing January 1, 1995 which would be allocated to the members of the IAM Employee Group under the foregoing percentages will be reduced by the number of shares of Class 2 Non-Voting Preferred Stock to be included in the hypothetical share number as a result of the Special Annual Allocation for 1995 for the members of the IAM Employee Group who did not have any compensation for purposes of Code Section 415 for the 1995 Plan Year. Correspondingly, (1) the number of shares of Class 1 Non-Voting Preferred Stock which would be allocated for the Plan Year commencing January 1, 1995 to the members of the ALPA Employee Group under the foregoing percentages will be increased by the same number of shares, and (2) the number of shares of Class 2 Non-Voting Preferred Stock which would be allocated for the Plan Year commencing January 1, 1995 to the members of the ALPA Employee Group as set forth in the Supplemental Plan will be reduced by the same number of shares."

2. The first clause (i) of Section 1(p) is amended to read as follows:

"(i) the total cash compensation (and any in-kind compensation which the Participant could have elected to receive as cash) paid to the Participant for services while a Participant and an Eligible Employee, during the Plan Year for services rendered to his Employer, including bonuses and overtime pay, plus"

3. Section 1(p) is amended by adding the following to the end of the section:

"With respect to a Participant who is a member of the ALPA Employee Group, Compensation shall include pay received for vacation time in the year paid (whether before or after termination of employment)."

4. The following new Section 1(oo)A is hereby added after Section 1(oo) and before Section 1(pp):

"(oo)A 'Special Annual Allocation' means the allocation referred to in Section 5.4(f)."

5. Section 1(yy) is amended by adding the following to the end of the section:

"A Participant's Wage Investment shall be calculated with

respect to vacation pay in the year paid (whether before or after termination of employment)."

6. Section 5.4(a)(i)(A) is amended by adding the following to the end of the section:

"The shares of Class 1 Non-Voting Preferred Stock allocated for the Plan Year commencing January 1, 1995 which would be allocated to the members of the IAM Employee Group under the forgoing percentages will be reduced by the number of shares of Class 2 Non-Voting Preferred Stock to be included in the hypothetical share number as a result of the Special Annual Allocation for 1995 for the members of the IAM Employee Group who did not have any compensation for purposes of Code Section 415 for the 1995 Plan Year. Correspondingly, the number of shares of Class 1 Non-voting Preferred Stock which would be allocated for the Plan Year commencing January 1, 1995 to the members of the ALPA Employee Group under the forgoing percentages will be increased by the same number of shares."

7. The following is hereby added to the end of Section 5.4(a)(iii):

"Notwithstanding the foregoing, for each Plan Year beginning on or after January 1, 1995, the Employer Contributions tentatively allocated under this clause (iii) shall be the Employer Contributions remaining after the allocation of the Special Annual Allocation (if any) for such Plan Year pursuant to Section 5.4(f). Accordingly, a Participant's tentative allocation under this subsection shall be the sum of the Special Annual Allocation (if any) allocated to the Participant for the Plan Year, plus the allocation under the preceding portions of this clause of the Employer Contributions remaining after the Special Annual Allocation."

8. The second sentence of Section 5.4(c)(ii) is amended by inserting the following after "Such number shall equal" and before "the number of shares that would have been allocated to the Participant...":

"the sum of the number of shares set forth as the hypothetical allocation to the Participant in the Special Annual Allocation for that Plan Year (if any), plus"

9. Section 5.4(c)(ii) is amended by adding the following to the end of the section:

"For Plan Years beginning on or after January 1, 1995, the hypothetical share number shall be calculated by taking into account the Special Annual Allocation applicable to that Plan Year (if any). By way of illustration, assume that for the 1995 Plan Year, a total of 1,110,456.695 shares are to be allocated to members of the ALPA Employee Group, and that 5,000 of those shares are to be allocated in the Special Annual Allocation applicable to members of the ALPA Employee Group. Under this example, the hypothetical share number of a member of the ALPA Employee Group for 1995 shall equal the sum of (x) the portion of the 5,000 shares set forth as the hypothetical allocation to the employee pursuant to the Special Annual Allocation for 1995, plus (y) the employee's ratable portion (based upon Compensation as modified under this clause (ii)) of the remaining 1,105,455.695 shares."

10. Section 5.4(c) is amended, for Plan Years beginning on or after January 1, 1995, by adding the following to the end of the Section:

"Solely for the Plan Year commencing January 1, 1995, IAM members may to the extent required to implement the Special Annual Allocation for 1995, participate in all of the allocations under this subsection (c). For all other Plan Years, participation by member of the IAM Employee Group in the allocations under this subsection (c) shall be limited by the provisions of this Plan as they existed prior to this amendment."

11. The following new Section 5.4(f) is added to the Plan:

"(f) Special Annual Allocations. For each Plan Year

beginning on or after January 1, 1995, the Special Annual Allocation described in Appendix A applicable to the Plan Year (if any) shall be made after the application of clauses (i) and (ii) of Section 5.4(a), but prior to the application of clause (iii) of Section 5.4(a) and the clauses subsequent to clause (iii), and the hypothetical allocation set forth in the Special Annual Allocation applicable to the Plan Year shall be made as a part of the calculation of the hypothetical share number as set forth in clause (ii) of Section 5.4(c). If Appendix A does not set forth a Special Annual Allocation applicable to a particular Plan Year, then there shall be no Special Annual Allocation for that Plan Year."

12. The following Appendix A is hereby added to the Plan:

"APPENDIX A
SPECIAL ANNUAL ALLOCATIONS

This Appendix A is part of the UAL Corporation Employee Stock Ownership Plan. The purpose of this Appendix A is to set forth the terms of the Special Annual Allocation referred to in Section 5.4(f) of the ESOP. This Appendix A may only be amended pursuant to Section 13.1 of the ESOP.

Special Annual Allocation for 1995. For the Plan Year beginning January 1, 1995, there shall be two Special Annual Allocations. The first Special Annual Allocation is described in subsection (a) below, and is intended to provide to the accounts of certain Participants who are members of the IAM Employee Group the shares of Class 1 Non-Voting Preferred Stock which would have been provided in 1994, but for the application of the limits of Code Section 415. The second Special Annual Allocation is described in subsection (b) below, shall be made to all individuals who were Participants in 1994, and is intended to adjust the Accounts of Participants to the levels which had originally been reported to Participants in the allocation of shares for 1994, but which were overstated because additional Compensation and Wage Investments were subsequently reported for 1994. The second Special Annual Allocation is also intended to adjust the Accounts of Participants whose accounts had not been overreported so that their allocations will be on a par with the allocations to the Participants described in the preceding sentence.

(a) Special Annual Allocation for IAM Employee Group. A portion of the Employer Contributions allocated to the IAM Employee Group for 1995 shall be allocated to the Accounts of those Participants who are members of the IAM Employee Group to whom Contributions were limited by the application of Code Section 415 for the 1994 Plan Year. For each such Participant, the shares which would have been allocated but for the application of the limits of Code Section 415 are referred to as the "1994 Shortfall Shares." For purposes of calculating the Special 1995 IAM Allocation, there shall be calculated the "1995 IAM Average Contribution," which shall be equal to the total Employer Contributions allocated to the IAM Employee Group for the 1995 Plan Year, divided by the total number of shares of Class 1 Non-Voting Preferred Stock allocated to the IAM Employee Group for the 1995 Plan Year, excluding, however, the shares allocated to the IAM Employee Group for the 1995 Plan Year on account of dividends paid on previously-allocated shares.

(1) Amount to be included in tentative allocation. The following amount shall be included in the tentative allocation under Section 5.4(a)(iii) as the Special Annual Allocation to each affected Participant: the lesser of (i) the sum of (xx) the 1995 IAM Average Contribution times the Participant's 1994 Shortfall Shares, plus (yy) \$8.8872, times the Participant's 1994 Shortfall Shares, times a fraction the numerator of which is the 1995 IAM Average Contribution, and the denominator of which is the fair market value of a share of Class 1 Non-Voting Preferred Stock as of the end of the 1995 Plan Year, or (ii) the allocation permitted for 1995 pursuant to Code Section 415.

(2) Shares to be included in hypothetical share number and hypothetical allocation. The following number of shares is to be included in the hypothetical share number under Section 5.4(c)(ii) and Section 2.4(a) of the Supplemental Plan as the

Special Annual Allocation for each affected Participant who did not have any compensation for purposes of Code Section 415 in 1995: the sum of (i) the 1994 Shortfall Shares, plus (ii) \$8.8872 times the Participant's 1994 Shortfall Shares divided by the fair market value of a share of Class 1 Non-Voting Preferred Stock as of the end of the 1995 Plan Year. No shares are included in the hypothetical share number or Special Annual Allocation under the Supplemental Plan for Participants who had any compensation for purposes of Code Section 415 in 1995.

(b) 1995 Special Annual Allocation for All Employee Groups. For each individual who was a Participant in 1994 (a "1994 Participant"), there shall be calculated a number of shares referred to as the "1995 Make-up Shares." The 1995 Make-up Shares for each 1994 Participant shall equal the difference between the number of shares actually allocated to the 1994 Participant for the 1994 Plan Year (using the final Compensation and Wage Investment data), and the number of shares which would have been allocated to the 1994 Participant for the 1994 Plan Year if the following facts had been correct for the 1994 Plan Year: (1) the total Compensation of Participants who were members of the ALPA Employee Group (without respect to the limitations of Code Section 401(a)(17) and the limitation contained in Section 1(p) of four times the dollar limit under Code Section 415(c)(1)(A)) was \$415,308,677.81, (2) the total Compensation of Participants who were members of the ALPA Employee Group (limited by the limitation contained in Section 1(p) of four times the dollar limitation under Code Section 415(c)(1)(A)) was \$375,772,138.78, (3) the total Compensation of ALPA Participants (without respect to the limitation contained in Section 1(p) of four times the dollar limit under Code Section 415(c)(1)(A), but limited by Code Section 401(a)(17)) was \$407,265,547.88, (4) the total Wage Investments were \$91,675,662.89, (5) the total Compensation of members of the Management and Salaried Employee Group (without respect to the limitation of Code Section 401(a)(17)) was \$346,925,400.49, and (6) the total Compensation of members of the Management and Salaried Employee Group (limited by Code Section 401(a)(17)) was \$345,997,953.17.

For purposes of calculating the 1995 Special Annual Allocation, there shall be calculated (x) the "1995 ALPA Average Contribution," which shall be equal to the total Employer Contributions allocated to the ALPA Employee Group for the 1995 Plan Year, divided by the total number of shares of Class 1 Non-Voting Preferred Stock allocated to the ALPA Employee Group for the 1995 Plan Year, excluding, however, the shares allocated to the ALPA Employee Group for the 1995 Plan Year on account of dividends paid on previously-allocated shares, and (y) the "1995 M&S Average Contribution," which shall be equal to the total Employer Contributions allocated to the Management and Salaried Employee Group for the 1995 Plan Year, divided by the total number of shares of Class 1 Non-Voting Preferred Stock allocated to the Management and Salaried Employee Group for the 1995 Plan Year, excluding, however, the shares allocated to the Management and Salaried Employee Group for the 1995 Plan Year on account of dividends paid on previously-allocated shares. The 1995 IAM Average Contribution, calculated as set forth in subsection (a) above shall also be used in this subsection (b). For each 1994 Participant, the result of the above calculation which applies his Employee Group is the "Applicable Average Contribution."

(1) Amount to be included in tentative allocation. The following amount shall be included in the tentative allocation under Section 5.4(a)(iii) as the Special 1995 Allocation to each 1994 Participant: the lesser of (i) the sum of (xx) the Applicable Average Contribution, times the Participant's 1995 Make-up Shares, plus (yy) \$8.8872, times the Participant's 1995 Make-up Shares, times a fraction the numerator of which is the Applicable Average Contribution, and the denominator of which is the fair market value of a share of Class 1 Non-Voting Preferred Stock as of the end of the 1995 Plan Year, or (ii) the allocation permitted for 1995 pursuant to Code Section 415.

(2) Shares to be included in hypothetical share number and hypothetical allocation. The following number of shares is to be included in the hypothetical share number under Section 5.4(c)(ii) and Section 2.4(a) of the Supplemental Plan as the Special Annual Allocation for each affected Participant: the sum of (i) the 1995 Make-up Shares, plus (ii) \$8.8872 times the Participant's 1994 Make-up Shares divided by the fair market value of a share of Class 1 Non-Voting Preferred Stock as of the end of

the 1995 Plan Year. Notwithstanding the foregoing, for Participants who are members of the IAM Employee Group, the inclusion in the hypothetical share number and the Special Annual Allocation under the Supplemental Plan shall only be made if the Participant had no compensation for purposes of Code Section 415 in 1995.

(c) In the case of any member of the IAM Employee Group who is subject to both subsections (a) and (b), the total 1995 Special Annual Allocation shall be the sum of the amounts determined for such Participant under both subsections."

IN WITNESS WHEREOF, the Company has caused this Second Amendment to be executed on August 17, 1995.

UAL CORPORATION

/s/ Stuart I. Oran
Executive Vice President-
Corporate Affairs and
General Counsel

APPROVED BY:

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

/s/ J. Randolph Babbitt

/s/ Harlow B. Osteboe

INTERNATIONAL ASSOCIATION
OF MACHINISTS AND
AEROSPACE WORKERS

/s/ Kenneth W. Thiede

SECOND AMENDMENT
OF
UAL CORPORATION
SUPPLEMENTAL ESOP
(Effective as of July 12, 1994)

By virtue and in exercise of the amending power reserved to UAL Corporation (the "Company") under section 5.1 of the UAL Corporation Supplemental ESOP (effective as of July 12, 1994) (the "Plan"), which amending power thereunder is subject to the approval of the Air Line Pilots Association, International ("ALPA"), the Company hereby amends the Plan, as follows, effective January 1, 1995:

1. Section 1.1(c) is amended by adding the following to the end of the section:

"Solely for the Plan Year commencing January 1, 1995, Convertible Shares shall be allocated to the IAM Employee Group pursuant to the Special Annual Allocation. Such shares shall reduce the number of shares which would otherwise have been allocated to the ALPA Employee Group."

2. Section 1.1(d) is amended by adding the following to the end of the section:

"Solely for the 1995 Plan Year, the Class M Voting Shares resulting from the allocation of shares under the Special Annual Allocation will be contributed to the ESOP (Part B) or the Supplemental Trust."

3. Effective upon adoption of this Second Amendment, Section 1.3(d) is amended by adding the following to the end of the Section:

"(d) If members of the IAM Employee Group have Convertible Shares credited to their Accounts under this Plan, 'Committee' means the ESOP Committee."

4. Section 1.3(j) is amended by adding the following to the end of the Section:

"For purposes of the Special Annual Allocation to be performed for the 1995 Plan Year, 'Eligible Employee' means an 'eligible employee' as defined in the ESOP."

5. Section 1.3(q) is amended to read as follows:

"(q) 'Participant' means an ESOP Participant who has an Account under this Plan."

6. The second sentence of Section 2.1 is amended to read as follows:

"Notwithstanding any other provision of this Plan to the contrary, except for purposes of Sections 2.3(a)(i), 2.4(f) and the Special Annual Allocation for the 1995 Plan Year, no ESOP Participant who is a member of the IAM Employee Group shall become a Participant hereunder or receive any credits, allocations or benefits pursuant to this Plan."

7. Section 2.4(a)(iv) shall be amended to read as follows:

"(iv) Allocations under the ESOP (Part A) were made (A) without regard to the Tax Limitations, (B) without regard to clauses (ii), (iv), (v), (vi) or (vii) of Section 5.4(a) of the ESOP, (C) were based on Compensation rather than the definition of compensation in the ESOP, and (D) for Plan Years beginning on or after January 1, 1995, by including the shares designated for inclusion in the Hypothetical Share Number for the ESOP Participant on account of the Special Annual Allocation applicable to the Plan Year under Appendix A to the ESOP; and"

8. The first sentence of Section 2.4(c) is amended to read as follows:

"For each ESOP Participant, the difference, if any, between the Hypothetical Share Number and the Actual Share Number shall be referred to as the Tentative Allocation; provided, however, that, except for purposes of subsection (f) and the Special Annual Allocation for the 1995 Plan Year, the Tentative Allocation for any member of the IAM Employee Group shall be zero."

9. Section 4.2(i) is amended to read as follows:

"(i) Notwithstanding the above and the definition of "Committee", clauses (a), (b) and (c) shall be disregarded with respect to any issue involving Voting Shares and Convertible Shares allocated to the IAM Employee Group under this Plan if any Voting Shares or Convertible Shares are allocated to an Account of a Participant who is a member of the IAM Employee Group."

10. Section 5.1 is amended to read as follows:

"5.1. Amendment. While the Company expects and intends to continue the Plan, the Company must necessarily reserve, and does hereby reserve, the right to amend the Plan at any time, except that no amendment may be adopted, without the approval of ALPA, provided, that, with respect to amendments adopted which are described in Section 13.1(b) or (d) of the ESOP (which subsections shall be treated as appropriately modified to the extent necessary to reflect the circumstances of this Plan) the need for joint approval shall be modified, and provided further that no amendment which would affect the allocation of the Class M Voting Shares or Convertible Preferred Shares to members of the IAM Employee Group shall be adopted without the approval of the IAM."

11. The second sentence of Section 5.2 is amended to read as follows:

"Notwithstanding the preceding sentence, the approval of the IAM will only be required if Class M Voting Shares reserved for allocation have been transferred or contributed to the Supplemental Trust, or if Convertible Preferred Shares are allocated to Accounts of members of the IAM Employee Group at the time of termination."

IN WITNESS WHEREOF, the Company has caused this Second Amendment to be executed on August 17, 1995.

UAL CORPORATION

/s/ Stuart I. Oran
Executive Vice President - Corporate
Affairs and General Counsel

APPROVED BY:

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

/s/ J. Randolph Babbitt

/s/ Harlow B. Osteboe

INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS

/s/ Kenneth W. Thiede

Exhibit 11

UAL Corporation and Subsidiary Companies
 Calculation of Fully Diluted Net Earnings Per Share
 (In Millions, Except Per Share)

	Three Months		Nine Months	
	Ended September 30 1995	1994	Ended September 30 1995	1994
Earnings or loss:				
Earnings before preferred stock transactions and cumulative effect of accounting change	\$ 243	\$ 82	\$ 397	\$ 66
Preferred stock dividends	(13)	(20)	(39)	(39)
Interest on convertible debentures	6	-	16	-
Earnings before preferred stock transactions and cumulative effect of accounting change for fully diluted calculation	236	62	374	27
Preferred stock transactions	-	-	43	-
Cumulative effect of accounting change	-	-	-	(26)
Net earnings for fully diluted calculation	\$ 236	\$ 62	\$ 417	\$ 1
Shares:				
Average number of shares of common stock outstanding during the period	12.4	14.5	12.4	21.2
Additional shares assumed issued at the beginning of the period (or at the date of issuance) for conversion of preferred stock	3.4	-	2.6	-
Additional shares assumed issued at the beginning of the period for conversion of convertible debentures	2.0	-	2.0	-
Additional shares assumed issued at the beginning of the period (or at the date of issuance) for exercises of dilutive stock options and stock award plans (after deducting shares assumed purchased under the treasury stock method)	0.5	0.1	0.5	0.2
Average number of shares for fully diluted calculation	18.3	14.6	17.5	21.4
Fully diluted per share amounts:				
Earnings before preferred stock transactions and cumulative effect of accounting change	\$ 12.87	\$ 4.21	\$ 21.36	\$ 1.25
Preferred stock transactions	-	-	2.46	-
Cumulative effect of accounting change	-	-	-	(1.22)
Net earnings	\$ 12.87	\$ 4.21	\$ 23.82	\$ 0.03

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Nine Months Ended September 30	
	1995	1994
	(In Millions)	
Earnings:		
Earnings before income taxes	\$ 651	\$ 161
Fixed charges, from below	913	772
Undistributed earnings of affiliates	(34)	(20)
Interest capitalized	(31)	(31)
Earnings	\$ 1,499	\$ 882
Fixed charges:		
Interest expense	\$ 304	\$ 268
Portion of rental expense representative of the interest factor	609	504
Fixed charges	\$ 913	\$ 772
Ratio of earnings to fixed charges	1.64	1.14

UAL Corporation and Subsidiary Companies
 Computation of Ratio of Earnings to Fixed Charges
 and Preferred Stock Dividend Requirements

	Nine Months Ended September 30	
	1995	1994
	(In Millions)	
Earnings:		
Earnings before income taxes	\$ 651	\$ 161
Fixed charges, from below	982	868
Undistributed earnings of affiliates	(34)	(20)
Interest capitalized	(31)	(31)
 Earnings	 \$ 1,568	 \$ 978
Fixed charges:		
Interest expense	\$ 304	\$ 268
Preferred stock dividend requirements	69	96
Portion of rental expense representative of the interest factor	609	504
 Fixed charges and preferred stock dividend requirements	 \$ 982	 \$ 868
 Ratio of earnings to fixed charges and preferred stock dividend requirements	 1.60	 1.13

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1995 AND CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF SEPTEMBER 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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	DEC-31-1995	
	JAN-01-1995	
	SEP-30-1995	
	9-MOS	431
	1,198	
	1,120	
	0	
	304	
	3,536	12,401
	5,554	
	12,070	
4,921		
		4,009
0		
		0
		0
		(144)
12,070		
		0
	11,276	
		0
	10,469	
	0	
	0	
	304	
	651	
		254
397		
		0
		0
		0
		397
		25.89
		23.82