AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 1, 1995

REGISTRATION NO. 33-57579

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UAL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	4512	36-2675207
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

1200 EAST ALGONQUIN ROAD
ELK GROVE TOWNSHIP, ILLINOIS 60007
(708) 952-4000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

FRANCESCA M. MAHER
VICE PRESIDENT--LAW AND
CORPORATE SECRETARY
UAL CORPORATION
1200 EAST ALGONQUIN ROAD
ELK GROVE TOWNSHIP, ILLINOIS 60007
(708) 952-4000
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

ROBERT E. CURLEY	JOEL S. KLAPERMAN
MAYER, BROWN & PLATT	SHEARMAN & STERLING
190 SOUTH LASALLE STREET	599 LEXINGTON AVENUE
CHICAGO, ILLINOIS 60603	NEW YORK, NEW YORK 10022
(312) 782-0600	(212) 848-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: [_]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Convertible Subordinated Debentures...	$600,000,000	100%	$600,000,000	$206,897(2)
Common Stock, $.01 par value, together				

with Preferred Stock Purchase Rights.....	(3)	--	--	--

(1) Estimated solely for determining the amount of the registration fee.

(2) Previously paid.

(3) This Registration Statement also relates to such additional indeterminate number of shares of Common Stock as may be issued upon conversion of the Convertible Subordinated Debentures in accordance with the terms thereof to prevent dilution. Pursuant to Rule 457(i), no filing fee is required.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

UAL CORPORATION

CROSS REFERENCE SHEET

(PURSUANT TO ITEM 501(B) OF REGULATION S-K)

FORM S-4 ITEM NUMBER AND CAPTIONS	HEADING OR LOCATION IN PROSPECTUS
A. INFORMATION ABOUT THE TRANSACTION	
1. Forepart of the Registration Statement and Outside Front Cover Page of Prospectus.....	Outside Front Cover Page
2. Inside Front and Outside Back Cover Pages of Prospectus....	Inside Front Cover Page
3. Risk Factors, Ratio of Earnings to Fixed Charges and Other Information.....	Inside Front Cover Page; Prospectus Summary; Selected Consolidated Financial and Operating Information; Special Considerations Relating to the Debentures
4. Terms of Transaction.....	Prospectus Summary; Price Range of Common Stock and Dividends; The Exchange Offer; Description of Debentures; Description of Capital Stock; Certain Federal Income Tax Considerations; Certain Tax Considerations for Non-United States Persons
5. Pro Forma Financial Information.....	*
6. Material Contacts with the Company Being Acquired.....	*
7. Additional Information Required for Reoffering by Persons and Parties Deemed to be Underwriters.....	*
8. Interests of Named Experts and Counsel.....	Legal Opinions
9. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	*
B. INFORMATION ABOUT THE REGISTRANT	
10. Information with Respect to S-3 Registrants.....	Recent Developments; Incorporation of Certain Documents by Reference
11. Incorporation of Certain Information by Reference.....	Incorporation of Certain Documents by Ref-

FORM S-4 ITEM NUMBER AND CAPTIONS	HEADING OR LOCATION IN PROSPECTUS
C. INFORMATION ABOUT THE COMPANY BEING ACQUIRED	
15. Information with Respect to S-3 Companies..	*
16. Information with Respect to S-2 or S-3 Companies.....	*
17. Information with Respect to Companies other than S-3 or S-2 Companies.....	*
D. VOTING AND MANAGEMENT INFORMATION	
18. Information if Proxies, Consents or Authorizations are to be Solicited.....	*
19. Information if Proxies, Consents or Authorizations are not to be Solicited or in an Exchange Offer.....	Incorporation of Certain Documents by Reference; The Exchange Offer

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*Not applicable.

UAL CORPORATION

OFFER TO EXCHANGE

6 3/8% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2025
FOR
SERIES A CONVERTIBLE PREFERRED STOCK

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M.,

NEW YORK CITY TIME, ON APRIL 3, 1995, UNLESS EXTENDED.

UAL Corporation, a Delaware corporation (the "Company"), hereby offers, upon the terms and subject to the conditions set forth in this Prospectus (the "Prospectus") and the accompanying Letter of Transmittal (the "Letter of Transmittal" which, together with the Prospectus, constitute the "Exchange Offer"), to exchange up to $600,000,000 aggregate principal amount of debentures designated as its 6 3/8% Convertible Subordinated Debentures due 2025 (the "Debentures") for up to all shares of the outstanding Series A Convertible Preferred Stock of the Company (the "Series A Preferred Stock"). The Debentures are offered in minimum denominations of $1,000 and integral multiples thereof, and the Series A Preferred Stock has a liquidation preference of $100 per share. Consequently, the Exchange Offer will be effected on a basis of $1,000 principal amount of Debentures for every ten shares of Series A Preferred Stock validly tendered and accepted for exchange. The Company will pay amounts of less than $1,000 due to exchanging stockholders in cash, in lieu of issuing Debentures with a principal amount of less than $1,000. Dividends accumulated after January 31, 1995 will not be paid on Series A Preferred Stock accepted for exchange in the Exchange Offer. In lieu thereof, holders of Debentures will be entitled to interest from February 1, 1995, as described below.

The Company will accept for exchange Series A Preferred Stock validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on April 3, 1995, or if extended by the Company, in its sole discretion, the latest date

and time to which extended (the "Expiration Date"). The Exchange Offer will expire on the Expiration Date. Tenders of Series A Preferred Stock may be withdrawn at any time prior to the Expiration Date and, unless accepted for exchange by the Company, may be withdrawn at any time after forty business days after the date of this Prospectus. The Company expressly reserves the right to (i) extend, amend or modify the terms of the Exchange Offer in any manner and (ii) withdraw or terminate the Exchange Offer and not accept for exchange any Series A Preferred Stock, at any time for any reason, including (without limitation) if fewer than 2,000,000 shares of Series A Preferred Stock are tendered (which condition may be waived by the Company). See "The Exchange Offer--Expiration Date; Extensions; Amendments; Termination."

SEE "SPECIAL CONSIDERATIONS RELATING TO THE DEBENTURES" FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE EXCHANGE OFFER AND AN INVESTMENT IN THE DEBENTURES, INCLUDING IN THE CASE OF THE DEBENTURES THE PERIOD AND CIRCUMSTANCES DURING AND UNDER WHICH PAYMENT OF INTEREST MAY BE DEFERRED AND CERTAIN RELATED FEDERAL INCOME TAX CONSEQUENCES.

(Continued on next page)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Dealer Managers for the Exchange Offer are:

GOLDMAN, SACHS & CO. LEHMAN BROTHERS

The date of this Prospectus is March 1, 1995

The Debentures will mature on February 1, 2025 and will bear interest at an annual rate of 6 3/8% from the first day following the Expiration Date (the "Issue Date"). In addition, holders of record of the Debentures will be entitled to interest at a rate of 6 1/4% per annum from February 1, 1995 through the Expiration Date in lieu of dividends accumulating after January 31, 1995 on their Series A Preferred Stock accepted for exchange, payable at the time of the first interest payment on the Debentures. Interest will be payable quarterly in arrears on February 1, May 1, August 1, and November 1 of each year, commencing May 1, 1995, provided that, so long as the Company shall not be in default in the payment of interest on the Debentures, the Company shall have the right, upon prior notice by public announcement given in accordance with New York Stock Exchange, Inc. ("NYSE") rules at any time during the term of the Debentures, to extend the interest payment period from time to time for a period not exceeding 20 consecutive calendar quarters (each, an "Extension Period"). No interest shall be due and payable during an Extension Period, but at the end of each Extension Period the Company shall pay all interest then accrued and unpaid on the Debentures, together with interest thereon, compounded quarterly. Upon the termination of any Extension Period and the payment of all interest then due, the Company may commence a new Extension Period. After prior notice by public announcement given in accordance with NYSE rules, the Company also may prepay at any time all or any portion of the interest accrued during an Extension Period. Consequently, there could be multiple Extension Periods of varying lengths throughout the term of the Debentures. The Company has no current intention of exercising its right to extend an interest payment period. However, should the Company determine to exercise such right in the future, the market price of the Debentures is likely to be affected. See "Special Considerations Relating to the Debentures" and "Description of Debentures--Interest" and "--Option to Extend Interest Payment Period."

Each Debenture is convertible at the option of the holder at any time after the date of original issuance thereof, unless previously redeemed, into a combination of cash in the amount of $541.90 per $1,000 principal amount and common stock of the Company, par value $.01 per share (the "Common Stock"), at a conversion price of $143.50 (equivalent to approximately 3.192 shares of the Common Stock per $1000 principal amount of the Debentures). Such conversion price is subject to adjustment in certain events. See "Description of Debentures--Conversion." On February 28, 1995, the last reported sale price of

the Common Stock on the NYSE was $94.75 per share.

The Debentures are redeemable at any time after May 1, 1996 at the option of the Company, in whole or in part, initially at a redemption price of 104.375% of the principal amount of the Debentures redeemed, and thereafter at prices declining ratably to 100% of the principal amount of the Debentures redeemed from and after May 1, 2003, plus interest accrued and unpaid to the redemption date. The Company may exercise this redemption option only if for 20 trading days within any period of 30 consecutive trading days, including the last trading day, the last sale price of the Company's Common Stock as reported by the NYSE Composite Transaction Tape exceeds 120% of the conversion price, subject to adjustment as described herein. No sinking fund will be established for the payment of the Debentures. See "Description of Debentures--Redemption." The Debentures are unsecured obligations of the Company and will be subordinate to all Senior Indebtedness (as defined herein) of the Company. Because the Company is a holding company that conducts business through its subsidiaries, the Debentures are also effectively subordinated to all existing and future obligations of the Company's subsidiaries. On December 31, 1994, approximately $732 million of such Senior Indebtedness and approximately $13.7 billion of additional indebtedness, leases and other obligations of the Company's subsidiaries (net of those obligations of the Company to its subsidiaries that are included in the definition of Senior Indebtedness (as defined)) not included in Senior Indebtedness were outstanding. See "Description of Debentures--Subordination."

For federal income tax purposes, the exchange of Series A Preferred Stock for Debentures will, depending upon each particular exchanging holder's facts and circumstances, be treated as either an exchange in which gain or loss is recognized or as a dividend, and the Debentures will be treated as having been issued with original issue discount. For a discussion of these and other United States federal income tax considerations relevant to the Exchange Offer, see "Certain Federal Income Tax Considerations" and "Certain Federal Tax Considerations for Non-United States Persons."

The Debentures constitute a new issue of securities with no established trading market. While the the Debentures have been approved for listing on the NYSE, subject to official notice of issuance, there can be no assurance that an active market for the Debentures will develop. The Series A Preferred Stock and the Common Stock issuable upon conversion of such Series A Preferred Stock have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and are subject to certain restrictions on transfer provided for therein and pursuant to their terms at original issuance. Such restrictions will continue to apply to the Series A Preferred Stock and the Common Stock issuable upon conversion of such Series A Preferred Stock that is not exchanged for Debentures. Moreover, to the extent that Series A Preferred Stock is tendered and accepted in the Exchange Offer, a holder's ability to sell untendered Series A Preferred Stock could be adversely affected.

D.F. King & Co., Inc. has been retained by the Company to act as Information Agent to assist in connection with the Exchange Offer.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY EXCHANGE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE RESPECTIVE DATES OF WHICH INFORMATION IS GIVEN HEREIN. THE EXCHANGE OFFER IS NOT BEING MADE TO (NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS (AS DEFINED BELOW) OF SERIES A PREFERRED STOCK IN ANY JURISDICTION IN WHICH THE MAKING OF THE EXCHANGE OFFER OR THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. HOWEVER, THE COMPANY MAY, AT ITS DISCRETION, TAKE SUCH ACTION AS IT MAY DEEM NECESSARY TO MAKE THE EXCHANGE OFFER IN ANY SUCH JURISDICTION AND EXTEND THE EXCHANGE OFFER TO HOLDERS OF SERIES A PREFERRED STOCK IN SUCH JURISDICTION. IN ANY JURISDICTION THE SECURITIES LAWS OR BLUE SKY LAWS OF WHICH REQUIRE THE EXCHANGE OFFER TO BE MADE BY A LICENSED BROKER OR DEALER, THE EXCHANGE OFFER IS BEING MADE ON BEHALF OF THE COMPANY BY THE DEALER MANAGERS OR ONE OR MORE REGISTERED BROKERS OR DEALERS WHICH ARE LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information concerning the Company can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, Room 1024; Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and 7 World Trade Center, Suite 1300 New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Such material can also be inspected and copied at the offices of the NYSE, 20 Broad Street, New York, New York 10005; the Chicago Stock Exchange, 440 South LaSalle Street, Chicago, Illinois 60605; and the Pacific Stock Exchange, 301 Pine Street, San Francisco, California 94104 or 618 South Spring Street, Los Angeles, California 90014.

This Prospectus constitutes a part of a registration statement on Form S-4 (together with all amendments and exhibits, the "Registration Statement") filed by the Company with the Commission under the Securities Act. This Prospectus does not contain all of the information included in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Statements contained herein concerning the provisions of any document do not purport to be complete and, in each instance, are qualified in all respects by reference to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is subject to and qualified in its entirety by such reference. Reference is made to such Registration Statement and to the exhibits relating thereto for further information with respect to the Company and the securities offered hereby.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents have been filed with the Commission and are incorporated herein by reference (Commission File No. 1-6033):

1. The Company's Annual Report on Form 10-K for the year ended December 31, 1993, as amended.

2. The Company's Quarterly Reports on Form 10-Q for the periods ended March 31, 1994, as amended, June 30, 1994 and September 30, 1994.

3. The Company's Current Reports on Form 8-K dated February 4, 1994 (3 reports), March 25, 1994 (2 reports), April 27, 1994, April 28, 1994, May 3, 1994, June 2, 1994, June 10, 1994, June 15, 1994, June 29, 1994, July 8, 1994, July 11, 1994, July 12, 1994 (2 reports) and February 28, 1995.

4. A description of the Company's Common Stock and Rights that are attached to the Common Stock, as contained in the Company's Proxy Statement/Joint Prospectus dated June 10, 1994 filed pursuant to Rule 424(b) under the Securities Act under the caption "Description of Securities--the Common Stock, the Series A Preferred Stock and the Junior Participating Preferred Stock."

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the securities offered hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified and superseded, to constitute a part of this Prospectus.

THIS PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HEREWITH. THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH

PERSON, INCLUDING ANY BENEFICIAL OWNER OF THE SERIES A PREFERRED STOCK, TO WHOM THIS PROSPECTUS IS DELIVERED, UPON THE WRITTEN OR ORAL REQUEST OF SUCH PERSON, A COPY OF ANY OR ALL OF THE FOREGOING DOCUMENTS INCORPORATED HEREIN BY REFERENCE, OTHER THAN EXHIBITS TO SUCH DOCUMENTS (UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE INTO SUCH DOCUMENTS). THESE DOCUMENTS ARE AVAILABLE UPON REQUEST FROM UAL CORPORATION, P.O. BOX 66919, CHICAGO, ILLINOIS 60666 (TELEPHONE NUMBER (708) 952-4000), ATTENTION: FRANCESCA M. MAHER, SECRETARY. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE NOT LATER THAN FIVE BUSINESS DAYS PRIOR TO THE EXPIRATION DATE.

Like many other carriers, United overflies Cuba in order to serve other destinations in Central and South America and the Caribbean and is required by the Cuban government to pay fees for such overflight which United does pursuant to a license which it has obtained from the U.S. government. This information is accurate as of the date of this Prospectus and current information concerning business dealings of United with the government of Cuba or with any person or affiliate located in Cuba may be obtained from the Florida Department of Banking and Finance, Plaza Level, The Capitol, Tallahassee, Florida 32399-0350, telephone number (904) 488-9530.

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PROSPECTUS SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by the detailed information contained elsewhere in this Prospectus or by documents incorporated by reference into this Prospectus.

THE COMPANY

UAL Corporation, a Delaware corporation (the "Company"), is a holding company and its primary subsidiary is United Air Lines, Inc., a Delaware corporation ("United"), which is wholly owned. At the end of 1994, United served 152 airports in the United States and 29 foreign countries. During 1994, United averaged 2,004 departures daily, flew a total of 108 billion revenue passenger miles and carried an average of 203,400 passengers per day. At the end of 1994, United's fleet of aircraft totaled 543. United's major hub operations are located at Chicago, Denver, San Francisco, Washington, D.C. and Tokyo.

THE EXCHANGE OFFER

PURPOSE OF EXCHANGE OFFER

The principal purpose of the Exchange Offer is to improve the Company's after-tax cash flow by replacing the Series A Preferred Stock (as defined below) with the Debentures (as defined below). The potential cash flow benefit to the Company arises because interest payable on the Debentures should be deductible by the Company for federal income tax purposes, while dividends

payable on the Series A Preferred Stock are not deductible. See "The Exchange Offer--Purpose of the Exchange Offer."

THE EXCHANGE OFFER; SECURITIES OFFERED

Upon the terms and subject to the conditions set forth herein and in the Letter of Transmittal, the Company hereby offers to exchange up to $600,000,000 aggregate principal amount of Debentures designated as its 6 3/8% Convertible Subordinated Debentures due 2025 (the "Debentures") for up to all of the outstanding shares of Series A Convertible Preferred Stock (the "Series A Preferred Stock"). Exchanges will be made on a basis of $1,000 principal amount of Debentures (the minimum permitted denomination) for every ten shares of Series A Preferred Stock validly tendered and accepted for exchange in the Exchange Offer. The Company will pay amounts of less than $1,000 due to any exchanging stockholder in cash, in lieu of issuing Debentures with a principal amount of less than $1,000. See "The Exchange Offer--Terms of the Exchange Offer."

The Debentures will mature on February 1, 2025 and will bear interest at an annual rate of 6 3/8% from the first day following the Expiration Date (the "Issue Date") or from the most recent interest payment date to which interest has been paid or duly provided for. Interest will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, commencing May 1, 1995, provided that, so long as the Company shall not be in default in the payment of interest on the Debentures, the Company shall have the right, upon prior notice by public announcement given in accordance with NYSE rules at any time during the term of the Debentures, to extend any interest payment period from time to time for a period not exceeding 20 consecutive calendar quarters. The Company has no current intention of exercising its right to extend any interest payment period. However, should the Company determine to exercise such right in the future, the market price of the Debentures is likely to be affected. See "Special Considerations Relating to the Debentures" and "Description of Debentures--Option to Extend Interest Payment Period."

Dividends accumulated after January 31, 1995 will not be paid on Series A Preferred Stock accepted for exchange in the Exchange Offer. In lieu thereof, holders of record of the Debentures will be entitled to interest at a rate of 6 1/4% per annum from February 1, 1995 through the Expiration Date, payable at the time of the first interest payment on the Debentures. The Debentures will be issued pursuant to an indenture, to be dated as of April 3, 1995, between the Company and The Bank of New York, as trustee. See "Description of Debentures."

EXPIRATION DATE; WITHDRAWALS

The Company will accept for exchange Series A Preferred Stock, validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on April 3, 1995, or if extended by the Company, in its sole discretion, the latest date and time to which extended (the "Expiration Date"). The Exchange Offer will expire on the Expiration Date. Tenders of Series A Preferred Stock pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date and, unless accepted for exchange by the Company, may be withdrawn at any time after forty business days after the date of this Prospectus. See "The Exchange Offer--Withdrawal of Tenders" and "--Expiration Date; Extensions; Amendments; Termination."

EXTENSIONS, AMENDMENTS AND TERMINATION

The Company expressly reserves the right to (i) extend, amend or modify the terms of the Exchange Offer in any manner and (ii) withdraw or terminate the Exchange Offer and not accept for exchange any Series A Preferred Stock, at any time for any reason, including (without limitation) if fewer than 2,000,000 shares of Series A Preferred Stock are tendered (which condition may be waived by the Company). See "The Exchange Offer--Expiration Date; Extensions; Amendments; Termination."

PROCEDURES FOR TENDERING

Each Holder of the Series A Preferred Stock wishing to accept the Exchange Offer must (i) properly complete and sign the Letter of Transmittal or a facsimile thereof (all references in this Prospectus to the Letter of

Transmittal shall be deemed to include a facsimile thereof) in accordance with the instructions contained herein and therein, together with any required signature guarantees, and deliver the same to The Bank of New York, as Exchange Agent, at either of its addresses set forth in "The Exchange Offer--Exchange Agent and Information Agent" and either (a) certificates for the Series A Preferred Stock must be received by the Exchange Agent at such address or (b) such Series A Preferred Stock must be transferred pursuant to the procedures for book-entry transfer described herein and a confirmation of such book-entry transfer must be received by the Exchange Agent, in each case prior to the Expiration Date or (ii) comply with the guaranteed delivery procedures described herein. See "The Exchange Offer--General" and "--Procedures for Tendering."

SPECIAL PROCEDURES FOR BENEFICIAL OWNERS

Any beneficial owner whose Series A Preferred Stock is registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact such registered holder promptly and instruct such registered holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on its own behalf, such owner must, prior to completing and executing a Letter of Transmittal and delivering its Series A Preferred Stock, either make appropriate arrangements to register ownership of the Series A Preferred Stock in such owner's name or obtain a properly completed stock power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the Expiration Date. See "The Exchange Offer--Procedures for Tendering--Signature Guarantee."

GUARANTEED DELIVERY PROCEDURES

If a Holder desires to accept the Exchange Offer and time will not permit a Letter of Transmittal or Series A Preferred Stock to reach the Exchange Agent before the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected in accordance with the guaranteed delivery procedures set forth in "The Exchange Offer--Procedures for Tendering--Guaranteed Delivery."

ACCEPTANCE OF SHARES AND DELIVERY OF DEBENTURES

Upon the terms and subject to the conditions of the Exchange Offer, including the reservation by the Company of the right to withdraw or terminate the Exchange Offer and certain other rights, the Company will accept for exchange shares of Series A Preferred Stock that are properly tendered in the Exchange Offer and not withdrawn prior to the Expiration Date. Subject to such terms and conditions, the Debentures issued pursuant to the Exchange Offer will be issued as of the Issue Date and will be delivered as promptly as practicable following the Expiration Date. See "The Exchange Offer--Terms of the Exchange Offer" and "--Expiration Date; Extensions; Amendments; Termination."

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The exchange of Series A Preferred Stock for Debentures pursuant to the Exchange Offer will be a taxable event. Depending on each exchanging stockholder's particular facts and circumstances, the exchange may be treated as (i) a transaction in which gain or loss will be recognized in an amount equal to the difference between the fair market value of the Debentures received in the exchange and the exchanging stockholder's tax basis in the share of Series A Preferred Stock surrendered or (ii) a distribution taxable as a dividend in an amount equal to the fair market value of the Debentures received by such exchanging stockholder. See "Certain Federal Income Tax Considerations" and "Certain Federal Tax Considerations for Non-United States Persons."

In the event an Extension Period occurs, holders of the Debentures would continue under the original issue discount rules to accrue income corresponding to stated interest on the Debentures for United States federal income tax purposes. As a result, a holder ordinarily would include such amounts in gross income in advance of the receipt of cash. A holder that disposes of its Debentures prior to the record date for payment of interest at the end of an Extension Period will not receive cash from the Company related to such interest because such interest will be paid to the holder of record on such

record date, regardless of who the holders of record may have been on other dates during the Extension Period. The extent to which such a holder would receive a return on the Debentures for the period it held such Debentures will depend on the market for the Debentures at the time of disposition. In addition, under the original issue discount rules, a holder will, in effect, be required to accrue the difference between the fair market value of the Debentures at the time of the exchange and the stated principal amount as interest income over the term of the Debentures. See "Certain Federal Income Tax Considerations--Interest and Original Issue Discount on Debentures."

UNTENDERED SHARES

Holders of Series A Preferred Stock who do not tender their Series A Preferred Stock in the Exchange Offer or whose Series A Preferred Stock is not accepted for exchange will continue to hold such Series A Preferred Stock and will be entitled to all the rights and preferences, and will be subject to all of the limitations, applicable thereto, including without limitation the existing restrictions on transfer under the Securities Act. See "The Exchange Offer--Listing and Trading of Debentures and Series A Preferred Stock; Transfer Restrictions."

EXCHANGE AGENT AND INFORMATION AGENT

The Bank of New York has been appointed as Exchange Agent in connection with the Exchange Offer. Questions and requests for assistance, requests for additional copies of this Prospectus or of the Letter of Transmittal and requests for Notices of Guaranteed Delivery should be directed to D.F. King & Co., Inc., which has been retained by the Company to act as Information Agent for the Exchange Offer. The addresses and telephone numbers of the Exchange Agent and Information Agent are set forth in "The Exchange Offer--Exchange Agent and Information Agent."

DEALER MANAGERS

Goldman, Sachs & Co. and Lehman Brothers Inc. have been retained as Dealer Managers to solicit exchanges of Series A Preferred Stock for Debentures. Questions with respect to the Exchange Offer may be directed to Goldman Sachs & Co. at (800) 323-5678 and to Lehman Brothers Inc., Equity Syndicate Desk, at (800) 524-4462.

COMPARISON OF DEBENTURES AND SERIES A PREFERRED STOCK

The following is a brief summary comparison of certain of the principal terms of the Debentures and the Series A Preferred Stock.

	DEBENTURES	SERIES A PREFERRED STOCK
Interest/Dividend Rate..	6 3/8% annual interest from the Issue Date (6 1/4% per annum for the period from February 1 through the Expiration Date) payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, commencing May 1, 1995, subject to the Company's right to extend the interest payment period from time to time to a period of up to 20 consecutive calendar quarters, as described herein. At the end of each Extension Period the Company shall pay to the holders all interest then accrued and unpaid, together with interest thereon, compounded quarterly, at the rate of interest on the Debentures.	6 1/4% annual dividend, payable quarterly in arrears out of funds legally available therefor on February 1, May 1, August 1 and November 1 of each year, when, as and if declared by the Company's Board of Directors (the "Board"). All dividends on the Series A Preferred Stock have been paid to date. In the event dividends are not paid on a dividend payment date in the future, holders would not be entitled to receive interest on any dividend arrearages.
Conversion.....	Convertible into a combination of cash in the amount of $541.90	Convertible into a combination of cash in the amount of $54.19

	and approximately 3.192 shares of Common Stock (equivalent to a Conversion Price of $143.50 per share of Common Stock) per $1,000 principal amount of Debentures converted, subject to adjustment as described herein.	and approximately 0.3195 shares of Common Stock per each share of Series A Preferred Stock (equivalent to a Conversion Price of $143.38 per share of Common Stock), giving effect to the adjustment to the consideration deliverable upon conversion of the Series A Preferred Stock resulting from the recapitalization of the Company (the "Recapitalization") on July 12, 1994 and subject to further adjustment as described herein.

	DEBENTURES	SERIES A PREFERRED STOCK
Optional Redemption.....	Redeemable at the option of the Company at any time on or after May 1, 1996, in whole or in part, initially at a redemption price of 104.375% of the principal amount of the Debentures redeemed, declining ratably to 100% of the principal amount of the Debentures redeemed from and after May 1, 2003, in each case plus accrued and unpaid interest to the date fixed for redemption. The Company may exercise this redemption option ONLY IF for 20 trading days within any period of 30 consecutive trading days, including the last trading day, the last sale price of the Company Common Stock as reported by the NYSE Composite Transaction Tape exceeds 120% of the Conversion Price, subject to adjustment as described herein.	Redeemable at the option of the Company at any time on or after May 1, 1996, in whole or in part, initially at a redemption price of 104.375% of the liquidation preference of the Series A Preferred Stock redeemed, declining ratably to 100% of the liquidation preference of the Series A Preferred Stock redeemed from and after May 1, 2003, in each case plus accumulated and unpaid dividends to the date fixed for redemption.
Subordination.....	Subordinated to all existing and future Senior Indebtedness of the Company, and effectively subordinated to all obligations of the Company's subsidiaries, but senior to all Preferred Stock of the Company, including the Series A Preferred Stock, and to the Common Stock. On December 31, 1994, approximately $732 million of such Senior Indebtedness and approximately $13.7 billion of additional indebtedness, leases and other obligations of the Company's subsidiaries (net of those obligations of the Company to its subsidiaries that are included in the definition of Senior Indebtedness) not included in Senior Indebtedness were outstanding.	Subordinate to claims of creditors, including holders of the Company's outstanding debt securities and the Debentures, and effectively subordinated to all obligations of the Company's subsidiaries, but on parity with the Series B Preferred Stock and senior to all other issued and outstanding preferred stock of the Company and the Common Stock.
Voting Rights.....	None.	None, except in certain circumstances.

	DEBENTURES	SERIES A PREFERRED STOCK
Transfer Restrictions; New York Stock Exchange Listing.....	The Debentures and the Common Stock issuable upon conversion thereof have been registered under the Securities Act and will be transferable to the extent permitted thereunder. The Debentures and the Common Stock issuable upon conversion thereof have been approved for listing on the NYSE, subject to official notice of issuance.	The Series A Preferred Stock and the Common Stock issuable upon conversion of such Series A Preferred Stock have not been and will not be registered under the Securities Act. The Series A Preferred Stock has not been and will not be listed on the NYSE. The Series A Preferred Stock and the Common Stock issuable upon conversion thereof are subject to certain significant restrictions on their transfer under the Securities Act and pursuant to their terms at original issuance and unexchanged Series A Preferred Stock and the Common Stock issued upon conversion thereof will remain subject to such transfer restrictions. Under Rule 144 under the Securities Act as in effect on the date hereof ("Rule 144"), beginning February 12, 1996, the Series A Preferred Stock and the Common Stock issuable upon conversion thereof which is not (and has not been) held by an affiliate of the Company will no longer be subject to these limitations.
Dividends Received Deduction.....	Interest will not be eligible for the dividends received deduction for corporate stockholders.	Dividends are eligible for the dividends received deduction for corporate stockholders.

SPECIAL CONSIDERATIONS RELATING TO THE DEBENTURES

Prospective exchanging stockholders should carefully consider, in addition to the other information set forth elsewhere in this Prospectus, the following:

RIGHT OF COMPANY TO DEFER PAYMENT OF INTEREST

So long as the Company shall not be in default in the payment of interest on the Debentures, the Company shall have the right, upon prior notice by public announcement given in accordance with NYSE rules at any time during the term of the Debentures, to extend any interest payment period from time to time for a period not exceeding 20 consecutive calendar quarters (each, an "Extension Period"). No interest shall be due and payable during an Extension Period, but on the interest payment date occurring at the end of each Extension Period the Company shall pay to the holders of record on the record date for such interest payment date (regardless of who the holders of record may have been on other dates during the Extension Period) all accrued and unpaid interest on the Debentures, together with interest thereon, compounded quarterly.

Upon the termination of any Extension Period and the payment of all interest then due, the Company may commence a new Extension Period. After prior notice given by public announcement in accordance with NYSE rules, the Company may also prepay at any time all or a portion of the interest accrued during an Extension Period. Consequently, there could be multiple Extension Periods of varying lengths throughout the term of the Debentures. See "Description of Debentures--Option to Extend Interest Payment Period."

The Company has no current intention of exercising its right to defer any interest payment period.

NO CASH PAYMENTS DURING EXTENSION PERIOD TO PAY ACCRUED TAX LIABILITY

In the event an Extension Period occurs, holders of the Debentures would continue under the original issue discount rules to accrue income corresponding to stated interest on the Debentures for U.S. federal income tax purposes. As a result, a holder ordinarily would include such amounts in gross income in advance of the receipt of cash. A holder that disposes of its Debentures prior to the record date for payment of interest at the end of an Extension Period will not receive cash from the Company related to such interest because such interest will be paid to the holder of record on such record date, regardless of who the holders of record may have been on other dates during the Extension Period. The extent to which such a holder would receive a return on the Debentures for the period it held such Debentures will depend on the market for the Debentures at the time of disposition. See "Certain Federal Income Tax Considerations--Interest and Original Issue Discount on Debentures."

SUBORDINATION OF DEBENTURES

The Debentures are unsecured obligations of the Company and will be subordinate to all Senior Indebtedness of the Company. Because the Company is a holding company that conducts business through its subsidiaries, the Debentures will also be effectively subordinated to all existing and future obligations of the Company's subsidiaries. On December 31, 1994, approximately $732 million of such Senior Indebtedness and approximately $13.7 billion of additional indebtedness, leases and other obligations of the Company's subsidiaries (net of those obligations of the Company to its subsidiaries that are included in the definition of Senior Indebtedness) not included in Senior Indebtedness were outstanding. See "Description of Debentures--Subordination."

POTENTIAL MARKET VOLATILITY DURING EXTENSION PERIOD

As described above, the Company has the right to extend an interest payment period from time to time for a period not exceeding 20 consecutive calendar quarters. In the event the Company determines

to extend an interest payment period, or in the event the Company thereafter extends an Extension Period or prepays interest accrued during an Extension Period as described above, the market price of the Debentures is likely to be affected. In addition, as a result of such rights, the market price of the Debentures may be more volatile than other debt instruments with original issue discount that do not have such rights. A holder that disposes of its Debentures during an Extension Period, therefore, may not receive the same return on its investment as a holder that continues to hold its Debentures. See "Description of Debentures--Option to Extend Interest Payment Period."

CASH CONVERSION CONSIDERATION NOT ESCROWED

Upon conversion of the Series A Preferred Stock or the Debentures, the holder of the Series A Preferred Stock or the Debentures, as the case may be, is entitled to receive $54.19 for each share of Series A Preferred Stock or $541.90 for each $1,000 principal amount of Debentures such holder converts, in addition to the Common Stock receivable upon such conversion. The Company is not obligated to and has not set aside or escrowed any cash to be issued in connection with such conversions and there can be no assurance that a sufficient amount of cash will be available at the time that a holder elects to convert its shares of Series A Preferred Stock or Debentures. If all of the outstanding untendered Series A Preferred Stock and all of the Debentures offered hereby are converted into Common Stock, the Company would be required to pay an aggregate of approximately $325 million to the holders of the Series A Preferred Stock and the Debentures upon conversion. The Company's consolidated cash, cash equivalents and short-term investments at December 31, 1994 aggregated approximately $1.5 billion.

EXCHANGE OFFER AS TAXABLE EVENT

The exchange of Series A Preferred Stock for Debentures pursuant to the Exchange Offer will be a taxable event. Depending on each exchanging stockholder's particular facts and circumstances, the exchange may be treated as (i) a transaction in which gain or loss will be recognized in an amount equal to the difference between the fair market value of the Debentures received in the exchange and the exchanging stockholder's tax basis in the shares of Series A Preferred Stock surrendered or (ii) a distribution taxable as a dividend in an amount equal to the fair market value of the Debentures received by such exchanging stockholder. See "Certain Federal Income Tax

Considerations" and "Certain Federal Tax Considerations for Non-United States Persons." All holders of Series A Preferred Stock are advised to consult their own tax advisors regarding the federal, state, local and foreign tax consequences of the exchange of Series A Preferred Stock.

ORIGINAL ISSUE DISCOUNT

Under the original issue discount rules, a holder will, in effect, be required to accrue the difference between the fair market value of the Debentures at the time of the exchange and the stated principal amount as interest income over the term of the Debentures. See "Certain Federal Income Tax Considerations--Interest and Original Issue Discount on Debentures."

RECENT RECAPITALIZATION

The Company's recapitalization completed in July 1994, resulted in a new labor agreement for certain employee groups and a new corporate governance structure, which was designed to achieve balance between the various employee-owner groups and public shareholders. The Company's restated certificate of incorporation (the "Restated Certificate") provides, among other things, that until the Sunset (as defined under "Description of Capital Stock--Corporate Governance--Sunset"), the Company's board of directors (the "Board") and committees thereof must consist of directors elected by certain classes of stockholders and that Board actions must be approved by specified numbers of directors, including, in some cases, directors elected by the employee groups. The new labor agreements and new corporate 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.

The Company's ability to react to competition may be hampered further by the fixed long-term nature of these various agreements. The success of the recapitalization is dependent upon a number of factors, including the state of the competitive environment in the airline industry, competitive response 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. See "Recent Developments" and "Description of Capital Stock--Corporate Governance."

REDUCTION IN SHAREHOLDERS' EQUITY RESULTING FROM EXCHANGE OFFER

To the extent that shares of Series A Preferred Stock are exchanged for Debentures, the Company's shareholders' equity will be reduced. If all of the outstanding shares of Series A Preferred Stock were exchanged for Debentures, on a pro forma basis at December 31, 1994, shareholders' equity would have been reduced by approximately $525 million, from a deficit of $316 million to a deficit of $841 million. A reduction in the level of shareholders' equity could be viewed negatively by financial institutions which may limit the Company's ability to effect future financings. A reduction in shareholders' equity could also affect the Company's ability to pay dividends on the Company's outstanding capital stock, including the Series A Preferred Stock. The Delaware General Corporation Law (the "DGCL") requires that dividends may only be made from surplus or the net profits of the Company for the fiscal year in which the dividend is declared and/or the preceding fiscal year. For purposes of the DGCL, surplus equals the excess, if any, at any given time, of the net assets of the corporation over stated capital. Since the Exchange Offer would increase the Company's indebtedness and reduce shareholders' equity, the Company's ability to pay dividends could be reduced. In addition, dividends may not be paid if, after giving effect to such dividends, the Company would not be able to pay its debts as they become due in the usual course of business.

FAIR VALUE CONSIDERATIONS

The Debentures will be senior to any Series A Preferred Stock not tendered in the Exchange Offer and the interest rate on the Debentures will be higher than the dividend rate on the Series A Preferred Stock. Under fraudulent transfer law, if a court in a lawsuit by an unpaid creditor or a representative of creditors, such as a trustee in bankruptcy, were to find that the Company received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by the Debentures in exchange for the

Series A Preferred Stock and, at the time of such incurrence, the Company (i) was insolvent or was rendered insolvent by reason of such incurrence, (ii) was engaged in or about to engage in a business or transaction for which its remaining property constituted unreasonably small capital or (iii) intended to incur, or believed it would incur, debts beyond its ability to pay as they mature, a court could (a) void the Company's obligations, and certain payments made, to the holders of the Debentures and thereby place holders of the Debentures in the same position they would have occupied if they had continued to hold Series A Preferred Stock and/or (b) subordinate the Debentures to any other existing and future indebtedness of the Company which is not already senior to the Debentures, in effect entitling such other creditors to be paid in full before any payment could be made on the Debentures. Generally, a debtor is considered insolvent if its liabilities exceed the fair value of its property, or if the present fair saleable value of its assets is less than the amount required to repay its debts as they mature. The Company believes that the Exchange Offer is in its reasonable business interests and is for fair consideration and reasonably equivalent value. If a court were to subordinate the obligations on the Debentures to the claims of all other applicable creditors of the Company as a result of such findings, however, the Company anticipates that such subordination would not subordinate the Debentures to a position that is inferior to the position of the Series A Preferred Stock.

THE COMPANY

The Company is a holding company and its primary subsidiary is United, which is wholly owned. At the end of 1994, United served 152 airports in the United States and 29 foreign countries. During 1994, United averaged 2,004 departures daily, flew a total of 108 billion revenue passenger miles and carried an average of 203,400 passengers per day. At the end of 1994, United's fleet of aircraft totaled 543. United's major hub operations are located at Chicago, Denver, San Francisco, Washington, D.C., and Tokyo.

RECENT DEVELOPMENTS

RECAPITALIZATION

On July 12, 1994, the stockholders of the Company approved a plan of recapitalization that provides an approximately 55% equity and voting interest in the Company to certain employees of United in exchange for wage concessions and work-rule changes. The employees' equity interest will be allocated to individual employee accounts through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as a part of the Recapitalization. Since the ESOP shares will be allocated over time, the current ownership interest held by employees is substantially less than 55%. The entire 55% ESOP voting interest is currently exercisable, which generally will be voted by the ESOP trustee at the direction of, and on behalf of, the employees participating in the ESOPs. The employee interest may increase to up to 63%, depending on the average market value of a share of Common Stock between July 13, 1994 and July 12, 1995. Based on the average market value of a share of Common Stock through February 23, 1995, the market value of Common Stock for the remainder of the measuring period would have to average at least $204 for any adjustment to be made in the ESOP percentage interest. In connection with the Recapitalization, holders of the Company's old common stock received approximately $2.1 billion in cash and the remaining 45% (subject to reduction, as described above, to not less than 37%) of the equity in the form of Common Stock. Each share of old common stock was converted into 0.5 shares of Common Stock (with cash in lieu of fractional shares) plus a cash payment of $84.81. The conversion of certain convertible securities (including the Series A Preferred Stock) and the exercise of certain stock options could result in additional cash distributions of up to $428 million, based on the amount of convertible securities and stock options outstanding on December 31, 1994. Distributions on account of stock option exercises would be reduced by cash proceeds on the exercise of the options. In connection with the Recapitalization, United issued $370 million of 10.67% debentures due in 2004 (the "10.67% Debentures") and $371 million of 11.21% Debentures due in 2014 (the "11.21% Debentures") and the Company issued series B 12 1/4% preferred stock (the "Series B Preferred Stock") with an aggregate liquidation preference of $410 million. Approximately $169 million of pretax costs were incurred in connection with the Recapitalization, including transaction costs and severance payments to certain former United employees.

The Delaware Court of Chancery, after a fairness hearing on January 24, 1995, approved the proposed settlement of two stockholder class actions challenging

the Recapitalization and awarded the plaintiffs $5.1 million in costs and attorneys' fees.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Common Stock is traded principally on the NYSE, and are also listed on the Chicago Stock Exchange and the Pacific Stock Exchange. The following sets forth for the periods indicated the high and low closing sales prices per share of the Company's old common stock outstanding immediately prior to the Recapitalization and of the Common Stock on the NYSE Composite Tape.

	HIGH	LOW
OLD COMMON STOCK:		
1993		
First Quarter	132 1/4	110 3/4
Second Quarter	149 3/4	118
Third Quarter	150 1/2	121 5/8
Fourth Quarter	155 1/2	135 7/8
1994		
First Quarter	150	123 3/4
Second Quarter	130 1/2	115 1/8
Third Quarter (through July 12)	130.1/2	125 1/2
COMMON STOCK:		
1994		
Third Quarter (from July 13)	105.	86 3/4
Fourth Quarter	96 7/8	83 1/8
1995		
First Quarter (through February 28)	99 5/8	89 1/2

For a recent last reported sales price of the Common Stock on the NYSE, see the cover page of this Prospectus.

The Recapitalization was consummated on July 12, 1994. In connection with the Recapitalization, holders of the Company's old common stock received one-half of a share of Common Stock and $84.81 for each share of old common stock. As a result of the foregoing, the price per share of old common stock is not comparable to the price per share of the Common Stock.

The Company has not paid cash dividends on its common stock since 1987. The payment of any future dividends on the Common Stock and the amount thereof will be determined by the Board in light of earnings, the financial condition of the Company and other relevant factors.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company at December 31, 1994 and as adjusted to give effect to the Exchange Offer (assuming that 50% and 100% of the outstanding shares of the Series A Preferred Stock are exchanged).

	DECEMBER 31, 1994		
		AS ADJUSTED	
	ACTUAL	ASSUMING 50% EXCHANGE	ASSUMING 100% EXCHANGE
	(DOLLARS IN MILLIONS)		
Short-term borrowings, long-term debt			

maturing within one year and current obligations under capital leases.....	$ 729	$ 729	$ 729
Long-term debt, excluding portion due within one year			
Secured notes.....	1,087	1,087	1,087
Deferred purchase certificates.....	169	169	169
Debentures.....	1,591	1,591	1,591
Convertible debentures.....	26	26	26
Promissory notes.....	34	34	34
Convertible subordinated debentures(a).....	--	300	600
Unamortized discount on debt(a).....	(20)	(57)	(95)
	2,887	3,150	3,412
Long-term obligations under capital leases.....	730	730	730
Total long-term debt and capital lease obligations.....	3,617	3,880	4,142
Shareholders' equity:			
Series A Preferred Stock, $.01 stated value.....	--	--	--
Series B Preferred Stock, $.01 stated value.....	--	--	--
Class 1 ESOP Preferred Stock, $.01 par value.....	--	--	--
Class 2 ESOP Preferred Stock, $.01 par value(b).....	--	--	--
Class P, M and S Voting Preferred Stock, $.01 par value.....	--	--	--
Class I, Pilot MEC, IAM and SAM Preferred Stock, $.01 par value.....	--	--	--
Common Stock, $.01 par value.....	--	--	--
Additional capital invested(a).....	1,287	1,024	762
Retained earnings (deficit).....	(1,335)	(1,335)	(1,335)
Unearned ESOP Preferred Stock.....	(83)	(83)	(83)
Stock held in treasury.....	(161)	(161)	(161)
Other.....	(24)	(24)	(24)
Total shareholders' equity.....	(316)	(579)	(841)
Total capitalization.....	$4,030	$4,030	$4,030

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(a) Assuming a 50% exchange, the Debentures that will be issued are expected to have an aggregate principal amount of $300 million and an aggregate fair market value of $263 million as of the date of exchange. Assuming a 100% exchange, the Debentures that will be issued are expected to have an aggregate principal amount of $600 million and an aggregate fair market value of $525 million as of the date of exchange.

The difference between the aggregate principal amount and the aggregate fair market value of the Debentures is classified as a debt discount. The difference between the fair market value of the Debentures and the carrying value of the Preferred Stock is credited to additional capital invested. To the extent the actual aggregate fair market value of the Debentures at the date of exchange differs from the expected amounts, the balances of the unamortized debt discount and additional capital invested will change accordingly.

(b) To the extent that shares of Class 2 ESOP Preferred Stock are committed to be contributed to the Supplemental ESOP (as defined under "Description of Capital Stock--The ESOP Preferred Stock") such shares will be reported outside of equity because the employees can elect to receive their "book entry" shares from the Company in cash upon termination of employment.

The following should be read in conjunction with the Company's Consolidated Financial Statements and the related notes thereto. The financial information for each of the years in the five-year period ended December 31, 1994 has been derived from the consolidated financial statements of the Company previously filed with the Commission which have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports. Reference is made to said reports for the years 1994, 1993 and 1992 which include an explanatory paragraph with respect to the changes in methods of accounting for income taxes and postretirement benefits other than pensions as discussed in the notes to the consolidated financial statements for such years. See "Incorporation of Certain Documents by Reference."

	YEAR ENDED DECEMBER 31,				
	1994	1993	1992	1991	1990
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)				
STATEMENT OF OPERATIONS DATA:					
Operating revenues(a)...	$ 13,950	$ 13,325	$ 11,853	$ 10,706	$ 10,296
Earnings (loss) from operations.....	521	263	(538)	(494)	(36)
Earnings (loss) before extraordinary item and cumulative effect of accounting changes.....	77	(31)	(417)	(332)	94
Net earnings (loss).....	51	(50)	(957)	(332)	94
Earnings (loss) per common share before extraordinary item and cumulative effect of accounting changes.....	0.76	(2.64)	(17.34)	(14.31)	4.33
Net earnings (loss) per common share(b).....	(0.61)	(3.40)	(39.75)	(14.31)	4.33
STATEMENT OF FINANCIAL POSITION DATA (at end of period):					
Total assets.....	11,764	12,840	12,257	9,876	7,983
Total long-term debt and capital lease obligations, including current portion.....	4,077	3,735	3,783	2,531	1,327
Shareholders' equity....	(316)	1,203	706	1,597	1,671
Book value per common share(c).....	(99.94)	24.55	29.11	67.21	76.34
OTHER DATA:					
Ratio of earnings to fixed charges.....	1.12	(d)	(d)	(d)	1.16
Ratio of earnings to fixed charges and preferred stock dividends.....	1.11	(d)	(d)	(d)	1.16
UNITED OPERATING DATA:					
Revenue passengers (millions).....	74	70	67	62	58
Average length of a passenger trip in miles.....	1,459	1,450	1,390	1,327	1,322
Revenue passenger miles (millions).....	108,299	101,258	92,690	82,290	76,137
Available seat miles (millions).....	152,193	150,728	137,491	124,100	114,995
Passenger load factor...	71.2%	67.2%	67.4%	66.3%	66.2%
Break even passenger load factor.....	68.2%	65.5%	70.6%	69.7%	66.5%
Revenue per passenger mile.....	11.3c	11.6c	11.3c	11.5c	11.8c
Cost per available seat mile.....	8.8c	8.5c	8.9c	9.0c	9.0c

Average price per gallon of jet fuel.....	58.8c	63.6c	66.4c	71.6c	80.4c

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(a) In the first quarter of 1994, United began recording certain air transportation price adjustments, which were previously recorded as commission expense, as adjustments to revenues. Operating revenues and certain operating statistics for periods prior to 1994 have been adjusted to conform with the current presentation. See the Company's Current Report on Form 8-K dated May 3, 1994 which is incorporated by reference in this Prospectus.

(b) In connection with the July 1994 recapitalization, each old common share was exchanged for one half of a share of Common Stock. 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 1994 and prior years' per share amounts are not meaningful.

(c) Book value per common share represents total equity, less the aggregate liquidation value of preferred stock, divided by actual common shares outstanding.

(d) Earnings were insufficient to cover both fixed charges and fixed charges and preferred stock dividends by $98 million in 1993, by $748 million in 1992 and by $599 million in 1991.

THE EXCHANGE OFFER

GENERAL

Participation in the Exchange Offer is voluntary and Holders should carefully consider whether to accept. Neither the Board nor the Company makes any recommendation to Holders as to whether to tender or refrain from tendering in the Exchange Offer. Holders of the Series A Preferred Stock are urged to consult their financial and tax advisors in making their own decisions on what action to take in light of their own particular circumstances.

Unless the context requires otherwise, the term "Holder" with respect to the Exchange Offer means (i) any person in whose name any shares of Series A Preferred Stock are registered on the books of the Company, (ii) any other person who has obtained a properly completed stock power from the registered holder, or (iii) any person whose shares of Series A Preferred Stock are held of record by The Depository Trust Company ("DTC") who desires to deliver such Series A Preferred Stock by book-entry transfer at DTC.

PURPOSE OF THE EXCHANGE OFFER

The principal purpose of the Exchange Offer is to improve the Company's after-tax cash flow by replacing the Series A Preferred Stock with the Debentures. The potential cash flow benefit to the Company arises because interest payable on the Debentures (whether paid currently or deferred under the terms of the Debentures) should be deductible by the Company as it accrues for federal income tax purposes, while dividends payable on the Series A Preferred Stock are not deductible. The extent of this cash flow benefit, however, cannot be predicted because it depends upon the number of shares of Series A Preferred Stock exchanged pursuant to the Exchange Offer, upon the Company's federal income tax position in any year and the period of time the Debentures remain outstanding. Neither the Company's ability to defer interest payments on the Debentures nor the lack of voting rights on the part of holders of the Debentures is a purpose of the Company in making the Exchange Offer.

Except as described herein, the Company has no present plans or intention to make acquisitions of or offers for the Series A Preferred Stock. However, if any shares of Series A Preferred Stock remain outstanding after the expiration of the Exchange Offer, the Company will continue to monitor the market for the Series A Preferred Stock and reserves the right, in its sole discretion, to acquire and to make offers for Series A Preferred Stock subsequent to the Expiration Date for cash or in exchange for other securities, by optional redemption or otherwise. The terms of any such acquisitions or offers may differ from the terms of the Exchange Offer. Such acquisitions or offers, if any, may depend upon, among other things, the price and availability of such shares and the Company's tax position.

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth herein and in the Letter of Transmittal, the Company will exchange up to $600,000,000 aggregate principal amount of Debentures for up to all of the outstanding shares of Series A Preferred Stock. The Debentures are offered in minimum denominations of $1,000 and integral multiples thereof, and the Series A Preferred Stock has a liquidation preference of $100 per share. Consequently, the Exchange Offer will be effected on a basis of $1,000 principal amount of Debentures for every ten shares of Series A Preferred Stock validly tendered and accepted for exchange. The Company will pay cash to tendering Holders of Series A Preferred Stock in lieu of issuing Debentures with a principal amount of less than $1,000. Upon the terms and subject to the conditions set forth herein and in the Letter of Transmittal, the Company will accept Series A Preferred Stock validly tendered and not withdrawn as promptly as practicable after the Expiration Date unless the Exchange Offer has been withdrawn or terminated. The Company will not accept Series A Preferred Stock for exchange prior to the Expiration Date. The Company expressly

reserves the right, in its sole discretion, to delay acceptance for exchange of Series A Preferred Stock tendered under the Exchange Offer or the exchange of the Debentures for the Series A Preferred Stock accepted for exchange (subject to Rules 13e-4 and 14e-1 under the Exchange Act, which require that the Company consummate the Exchange Offer or return the Series A Preferred Stock deposited by or on behalf of the Holders thereof promptly after the termination or withdrawal of the Exchange Offer), or to withdraw or terminate the Exchange Offer and not accept any Series A Preferred Stock at any time for any reason. In all cases, except to the extent waived by the Company, delivery of Debentures in exchange for the Series A Preferred Stock accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of Series A Preferred Stock (or confirmation of book-entry transfer thereof), a properly completed and duly executed Letter of Transmittal and any other documents required thereby.

As of February 28, 1995, there were 5,999,900 shares of Series A Preferred Stock outstanding. This Prospectus, together with the Letter of Transmittal, is being sent to all registered Holders as of March 2, 1995.

The Company shall be deemed to have accepted validly tendered Series A Preferred Stock (or defectively tendered Series A Preferred Stock with respect to which the Company has waived such defect) when, as and if the Company has given oral or written notice thereof to the Exchange Agent. The Exchange Agent will act as agent for the tendering Holders for the purpose of receiving the Debentures from the Company and remitting such Debentures to tendering Holders. Upon the terms and subject to the conditions of the Exchange Offer, delivery of Debentures in exchange for Series A Preferred Stock will be made as promptly as practicable after the Expiration Date.

If any tendered Series A Preferred Stock is not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth herein or otherwise, unless otherwise requested by the Holder under "Special Delivery Instructions" in the Letter of Transmittal, such Series A Preferred Stock will be returned, without expense, to the tendering Holder thereof (or in the case of Series A Preferred Stock tendered by book-entry transfer into the Exchange Agent's account at DTC, such Series A Preferred Stock will be credited to an account maintained at DTC designated by the participant therein who so delivered such Series A Preferred Stock), as promptly as practicable after the Expiration Date or the withdrawal or termination of the Exchange Offer.

Holders of Series A Preferred Stock will not have any appraisal or dissenters' rights under the DGCL in connection with the Exchange Offer. The Company intends to conduct the Exchange Offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the Commission thereunder.

Holders who tender Series A Preferred Stock in the Exchange Offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the Letter of Transmittal, transfer taxes with respect to the exchange of Series A Preferred Stock pursuant to the Exchange Offer. See "--Fees and Expenses."

EXPIRATION DATE; EXTENSIONS; AMENDMENTS; TERMINATION

The Exchange Offer will expire on the Expiration Date. The term "Expiration Date" shall mean 5:00 p.m., New York City time, on April 3, 1995, unless the Company, in its sole discretion, extends the Exchange Offer, in which case the term "Expiration Date" shall mean the latest date and time to which the Exchange Offer is extended.

The Company reserves the right to extend the Exchange Offer in its sole discretion at any time and from time to time by giving oral or written notice to the Exchange Agent and by timely public announcement communicated, unless otherwise required by applicable law or regulation, by making a

release to the Dow Jones News Service. During any extension of the Exchange Offer, all Series A Preferred Stock previously tendered pursuant to the Exchange Offer and not withdrawn will remain subject to the Exchange Offer.

The Company expressly reserves the right to (i) amend or modify the terms of the Exchange Offer in any manner and (ii) withdraw or terminate the Exchange Offer and not accept for exchange any Series A Preferred Stock, at any time for any reason, including (without limitation) if fewer than 2,000,000 shares of Series A Preferred Stock are tendered (which condition may be waived by the Company). If the Company makes a material change in the terms of the Exchange Offer or if it waives a material condition of the Exchange Offer, the Company will extend the Exchange Offer. The minimum period for which the Exchange Offer will be extended following a material change or waiver, other than a change in the amount of Series A Preferred Stock sought for exchange, will depend upon the facts and circumstances, including the relative materiality of the change or waiver. With respect to a change in the amount of Series A Preferred Stock sought, the offer will be extended for a minimum of ten business days following public announcement of such change. Any withdrawal or termination of the Exchange Offer will be followed as promptly as practicable by public announcement thereof. In the event the Company withdraws or terminates the Exchange Offer, it will give immediate notice to the Exchange Agent, and all Series A Preferred Stock theretofore tendered pursuant to the Exchange Offer will be returned promptly to the tendering Holders thereof. See "--Withdrawal of Tenders."

ACCUMULATED DIVIDENDS AND INTEREST ON DEBENTURES

The Debentures will bear interest at an annual rate of 6 3/8% from the first day following the Expiration Date (the "Issue Date") or from the most recent interest payment date to which interest has been paid or duly provided for. Dividends accumulated after January 31, 1995 will not be paid on Series A Preferred Stock accepted for exchange in the Exchange Offer. In lieu thereof, holders of Debentures will be entitled to interest at a rate of 6 1/4% per annum (equal to the stated dividend rate on the Series A Preferred Stock) from February 1, 1995 through the Expiration Date, payable at the time of the first interest payment on the Debentures. See "Description of Debentures--Interest."

PROCEDURES FOR TENDERING

The tender of Series A Preferred Stock by a Holder thereof pursuant to one of the procedures set forth below will constitute an agreement between such Holder and the Company in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

Each Holder of the Series A Preferred Stock wishing to accept the Exchange Offer must (i) properly complete and sign the Letter of Transmittal or a facsimile thereof (all references in this Prospectus to the Letter of Transmittal shall be deemed to include a facsimile thereof) in accordance with the instructions contained herein and therein, together with any required signature guarantees, and deliver the same to the Exchange Agent, at either of its addresses set forth in "--Exchange Agent and Information Agent" and either (a) certificates for the Series A Preferred Stock must be received by the Exchange Agent at such address or (b) such Series A Preferred Stock must be transferred pursuant to the procedures for book-entry transfer described below and a confirmation of such book-entry transfer must be received by the Exchange Agent, in each case prior to the Expiration Date or (ii) comply with the guaranteed delivery procedures described below.

LETTERS OF TRANSMITTAL, SERIES A PREFERRED STOCK AND ANY OTHER REQUIRED

DOCUMENTS SHOULD BE SENT ONLY TO THE EXCHANGE AGENT, NOT TO THE COMPANY, THE DEALER MANAGERS OR THE INFORMATION AGENT.

Signature Guarantees. If tendered Series A Preferred Stock is registered in the name of the signer of the Letter of Transmittal and the Debentures to be issued in exchange therefor are to be issued (and any untendered Series A Preferred Stock is to be reissued) in the name of the registered Holder (which term, for the purposes described herein, shall include any participant in DTC whose name appears on a security listing as the owner of Series A Preferred Stock), the signature of such signer need not be guaranteed. If the tendered Series A Preferred Stock is registered in the name of someone other than the signer of the Letter of Transmittal, such tendered Series A Preferred Stock must be endorsed or accompanied by written instruments of transfer in form satisfactory to the Company and duly executed by the registered Holder, and the signature on the endorsement or instrument of transfer must be guaranteed by a financial institution (including most banks, savings and loans associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program or The New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program (any of the foregoing hereinafter referred to as an "Eligible Institution"). If the Debentures and/or Series A Preferred Stock not exchanged are to be delivered to an address other than that of the registered Holder appearing on the register for the Series A Preferred Stock, the signature in the Letter of Transmittal must be guaranteed by an Eligible Institution. Any beneficial owner whose Series A Preferred Stock is registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact such registered Holder promptly and instruct such registered Holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on its own behalf, such owner must, prior to completing and executing a Letter of Transmittal and delivering its Series A Preferred Stock, either make appropriate arrangements to register ownership of the Series A Preferred Stock in such owner's name or obtain a properly completed stock power from the registered Holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the Expiration Date.

THE METHOD OF DELIVERY OF SERIES A PREFERRED STOCK AND ALL OTHER DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDER. IF SENT BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, RETURN RECEIPT REQUESTED, BE USED, PRIOR INSURANCE OBTAINED, AND THE MAILING BE MADE SUFFICIENTLY IN ADVANCE OF THE EXPIRATION DATE TO PERMIT DELIVERY TO THE EXCHANGE AGENT ON OR BEFORE THE EXPIRATION DATE.

Book-Entry Transfer. The Company understands that the Exchange Agent will make a request promptly after the date of this Prospectus to establish accounts with respect to the Series A Preferred Stock at DTC for the purpose of facilitating the Exchange Offer, and subject to the establishment thereof, any financial institution that is a participant in DTC's system may make book-entry delivery of Series A Preferred Stock by causing DTC to transfer such Series A Preferred Stock into the Exchange Agent's account with respect to the Series A Preferred Stock in accordance with DTC's Automated Tender Offer Program ("ATOP") procedures for such book-entry transfers. However, the exchange for the Series A Preferred Stock so tendered will only be made after timely confirmation (a "Book-Entry Confirmation") of such Book-Entry Transfer of Series A Preferred Stock into the Exchange Agent's account, and timely receipt by the Exchange Agent of an Agent's Message (as such term is defined in the next sentence) and any other documents required by the Letter of Transmittal. The term "Agent's Message" means a message, transmitted by the Book-Entry Transfer Facility and received by the Exchange Agent and forming a part of a Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgement from a participant tendering Series A Preferred Stock that is the subject of such Book-Entry Confirmation that such participant has received and agrees to be bound by the terms of the Letter of Transmittal, and that the Company may enforce such agreement against such participant.

Guaranteed Delivery. If a Holder desires to accept the Exchange Offer and time will not permit a Letter of Transmittal or Series A Preferred Stock to reach the Exchange Agent before the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be

effected if the Exchange Agent has received at its office, prior to the Expiration Date, a letter, a telegram or facsimile transmission from an Eligible Institution setting forth the name and address of the tendering Holder, the name(s) in which the Series A Preferred Stock is registered and, if the Series A Preferred Stock is held in certificated form, the certificate number of the Series A Preferred Stock to be tendered, and stating that the tender is being made thereby and guaranteeing that within five NYSE trading days after the date of execution of such letter, telegram or facsimile transmission by the Eligible Institution, the Series A Preferred Stock in proper form for transfer together with a properly completed and duly executed Letter of Transmittal (and any other required documents), or a confirmation of book-entry transfer of such Series A Preferred Stock into the Exchange Agent's account at DTC, will be delivered by such Eligible Institution. Unless the Series A Preferred Stock being tendered by the above-described method is deposited with the Exchange Agent within the time period set forth above (accompanied or preceded by a properly completed Letter of Transmittal and any other required documents) or a confirmation of book-entry transfer of such Series A Preferred Stock into the Exchange Agent's account at DTC in accordance with DTC's ATOP procedures is received, the Company may, at its option, reject the tender. Copies of a Notice of Guaranteed Delivery which may be used by Eligible Institutions for the purposes described in this paragraph are available from the Exchange Agent and the Information Agent.

Miscellaneous. All questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of Series A Preferred Stock will be determined by the Company, whose determination will be final and binding. The Company reserves the absolute right to reject any or all tenders not in proper form or the acceptance for exchange of which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any defect or irregularity in the tender of any Series A Preferred Stock, and the Company's interpretation of the terms and conditions of the Exchange Offer (including the Instructions in the Letter of Transmittal) will be final and binding. None of the Company, the Exchange Agent, the Dealer Managers or the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

Tenders of Series A Preferred Stock involving any irregularities will not be deemed to have been made until such irregularities have been cured or waived. Series A Preferred Stock received by the Exchange Agent that is not validly tendered and as to which the irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering Holder (or in the case of Series A Preferred Stock tendered by book-entry transfer into the Exchange Agent's account at DTC, such Series A Preferred Stock will be credited to an account maintained at DTC designated by the participant therein who so delivered such Series A Preferred Stock), unless otherwise requested by the Holder in the Letter of Transmittal, as promptly as practicable after the Expiration Date or the withdrawal or termination of the Exchange Offer.

LETTER OF TRANSMITTAL

The Letter of Transmittal contains, among other things, the following terms and conditions, which are part of the Exchange Offer.

The party tendering Series A Preferred Stock for exchange (the "Transferor") exchanges, assigns and transfers the Series A Preferred Stock to the Company and irrevocably constitutes and appoints the Exchange Agent as the Transferor's agent and attorney-in-fact to cause the Series A Preferred Stock to be assigned, transferred and exchanged. The Transferor represents and warrants that it has full power and authority to tender, exchange, assign and transfer the Series A Preferred Stock and to acquire Debentures issuable upon the exchange of such tendered Series A Preferred Stock, and that, when the same are accepted for exchange, the Company will acquire good and unencumbered title to the tendered Series A Preferred Stock, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The Transferor also warrants that it will, upon

request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the exchange, assignment and transfer of tendered Series A Preferred Stock or transfer ownership of such Series A

Preferred Stock on the account books maintained by DTC. All authority conferred by the Transferor will survive the death, bankruptcy or incapacity of the Transferor and every obligation of the Transferor shall be binding upon the heirs, legal representatives, successors, assigns, executors and administrators of such Transferor.

WITHDRAWAL OF TENDERS

Tenders of Series A Preferred Stock pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date and, unless accepted for exchange by the Company, may be withdrawn at any time after 40 business days after the date of this Prospectus.

To be effective, a written notice of withdrawal delivered by mail, hand delivery or facsimile transmission must be timely received by the Exchange Agent at the address set forth in the Letter of Transmittal. The method of notification is at the risk and election of the Holder. Any such notice of withdrawal must specify (i) the Holder named in the Letter of Transmittal as having tendered Series A Preferred Stock to be withdrawn, (ii) if the Series A Preferred Stock is held in certificated form, the certificate numbers of the Series A Preferred Stock to be withdrawn, (iii) that such Holder is withdrawing his election to have such Series A Preferred Stock exchanged, and (iv) the name of the registered Holder of such Series A Preferred Stock, and must be signed by the Holder in the same manner as the original signature on the Letter of Transmittal (including any required signature guarantees) or be accompanied by evidence satisfactory to the Company that the person withdrawing the tender has succeeded to the beneficial ownership of the Series A Preferred Stock being withdrawn. The Exchange Agent will return the properly withdrawn Series A Preferred Stock promptly following receipt of notice of withdrawal. If Series A Preferred Stock has been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Series A Preferred Stock and otherwise comply with DTC's procedures. All questions as to the validity of notice of withdrawal, including time of receipt, will be determined by the Company, and such determination will be final and binding on all parties. Withdrawals of tenders of Series A Preferred Stock may not be rescinded and any Series A Preferred Stock withdrawn will thereafter be deemed not validly tendered for purposes of the Exchange Offer. Properly withdrawn Series A Preferred Stock, however, may be retendered by following the procedures therefor described elsewhere herein at any time prior to the Expiration Date. See "--Procedures for Tendering."

EXCHANGE AGENT AND INFORMATION AGENT

The Bank of New York has been appointed as Exchange Agent for the Exchange Offer. Deliveries to the Exchange Agent should be as follows:

By Hand or Overnight Courier:
The Bank of New York
Reorganization Section
101 Barclay Street
(7 East)
New York, NY 10286
Attention:
Arwen Gibbons

By Mail:
(registered or certified mail recommended)
The Bank of New York
Reorganization Section
101 Barclay Street
(7 East)
New York, NY 10286
Attention:
Arwen Gibbons

By Facsimile:

(For Eligible Institutions Only):

(212) 571-3080

Confirm Receipt by Telephone:

(212) 815-6333

Attention:

Arwen Gibbons

D.F. King & Co., Inc. has been retained as Information Agent. Questions and requests for assistance regarding the Exchange Offer, requests for additional copies of this Prospectus or of the Letter of Transmittal and requests for Notice of Guaranteed Delivery may be directed to the Information Agent at 77 Water Street, New York, New York 10005, telephone (800) 669-5550 or (212) 269-5550 (collect).

The Company will pay the Exchange Agent and Information Agent reasonable and customary fees for their services and will reimburse them for all their reasonable out-of-pocket expenses in connection therewith.

DEALER MANAGERS

Goldman, Sachs & Co. and Lehman Brothers Inc., as Dealer Managers, have agreed to solicit exchanges of Series A Preferred Stock for Debentures. The Company will pay each Dealer Manager a fee that is dependent on the number of shares of Series A Preferred Stock accepted pursuant to the Exchange Offer. The maximum fee payable is approximately $3.75 million. Additional solicitation may be made by telecopier, by telephone or in person by officers and regular employees of the Company and its affiliates. No additional compensation will be paid to any such officers and employees who engage in soliciting tenders.

LISTING AND TRADING OF DEBENTURES AND SERIES A PREFERRED STOCK; TRANSFER RESTRICTIONS

There has not previously been any public market for the Debentures. While the Debentures and the Common Stock issuable upon conversion thereof have been approved for listing on the NYSE, subject to official notice of issuance, there can be no assurance that an active market for the Debentures will develop or be sustained in the future on such exchange. Although the Dealer Managers have indicated to the Company that they intend to make a market in the Debentures as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue any such market-making at any time without notice. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Debentures.

The Series A Preferred Stock and the Common Stock issuable upon conversion of such Series A Preferred Stock have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Such Series A Preferred Stock and such Common Stock are subject to restrictions on their transfer designed to ensure compliance with the requirements of the Securities Act and, upon consummation of the Exchange Offer, will continue to be subject to such existing restrictions upon transfer, including the terms of the original issuance of such Series A Preferred Stock and such Common Stock. Holders of Series A Preferred Stock who do not tender their Series A Preferred Stock in the Exchange Offer or whose Series A Preferred Stock is not accepted for exchange will continue to hold such Series A Preferred Stock and will be entitled to all the rights and preferences, and will be subject to all of the limitations applicable thereto. Moreover, to the extent that Series A Preferred Stock is tendered and accepted in the Exchange Offer, a holder's ability to sell untendered Series A Preferred Stock could be adversely affected. Under Rule 144 as in effect on the date hereof, beginning February 12, 1996, the Series A Preferred Stock and the Common Stock issuable upon conversion thereof which is not (and has not been) held by an affiliate of the Company will no longer be subject to these limitations.

TRANSACTIONS AND ARRANGEMENTS CONCERNING THE SERIES A PREFERRED STOCK

Except as described herein, there are no contracts, arrangements, understandings or relationships in connection with the Exchange Offer between the Company or any of its directors or executive officers and any person with respect to any securities of the Company, including the Debentures, the Series A Preferred Stock and the Common Stock issuable upon conversion thereof.

FEES AND EXPENSES; TRANSFER TAXES

The expenses of soliciting tenders of the Series A Preferred Stock will be borne by the Company. For compensation to be paid to the Dealer Managers see

"--Dealer Managers." The total cash expenditures to be incurred by the Company in connection with the Exchange Offer, other than fees payable to the Dealer Managers, but including the expenses of the Dealer Managers, printing, accounting and legal fees, and the fees and expenses of the Exchange Agent, the Information Agent and the Trustee under the Indenture, are estimated to be approximately $600,000.

Holders of the Series A Preferred Stock accepted in the Exchange Offer are responsible for paying any transfer taxes in connection with such exchange. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering Holder.

DESCRIPTION OF DEBENTURES

GENERAL

The Debenture constitutes a series of debt securities ("Debt Securities") to be issued under an Indenture (the "Indenture"), to be dated as of April 3, 1995, between the Company and The Bank of New York, as trustee (the "Trustee"). The following statements with respect to the Debentures are summaries and are subject to the detailed provisions of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the Indenture, a copy of the form of which has been filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Debentures and the Indenture, including the definitions therein of certain terms capitalized and not otherwise defined in this Prospectus. Wherever references are made to particular provisions of the Indenture or terms defined therein, such provisions or definitions are incorporated by reference as part of the statements made and such statements are qualified in their entirety by such references.

The Debentures will be unsecured, subordinated obligations of the Company, will be limited in aggregate principal amount to the aggregate principal amount of Debentures issued in the Exchange Offer and will mature on February 1, 2025. The Debentures will be issued only in fully registered form, without coupons, in minimum denominations of $1,000 and any integral multiples of $1,000 in excess thereof.

The Indenture provides that the Debt Securities may be issued without limitation as to aggregate principal amount, in one or more series, in each case as established from time to time in or pursuant to authorization granted by resolution of the Board and an officer's certificate or as established in one or more indentures supplemental to the Indenture. All Debt Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the holders of the Debt Securities of such series, for issuances of additional Debt Securities of such series.

The Indenture does not contain any provisions that would limit the ability of the Company to incur indebtedness or that would afford holders of the Debentures protection in the event of a highly leveraged or similar transaction involving the Company or in the event of a change of control.

Debentures will be transferable or exchangeable at the agency of the Company maintained for such purpose in The City of New York (which, unless changed, shall be a corporate trust office or agency of the Trustee). Debentures may be transferred or exchanged without service charge, other than any tax or governmental charge imposed in connection therewith. (Section 3.5 of the Indenture.)

INTEREST

The Debentures will mature on February 1, 2025 and will bear interest at an annual rate of 6 3/8% from the Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for. In addition, holders of record of the Debentures will be entitled to interest at a rate of 6 1/4% per annum from February 1, 1995 through the Expiration Date, in lieu of dividends accumulating after January 31, 1995 on their Series A Preferred Stock accepted for exchange, payable at the time of the first interest payment on the Debentures. Interest will be payable quarterly in arrears on February 1, May 1,

August 1 and November 1 of each year commencing May 1, 1995, provided that so long as the Company shall not be in default in the payment of interest on the Debentures, the Company shall have the right, upon prior notice by public announcement given in accordance with NYSE rules at any time during the term of the Debentures, to extend the interest payment period from time to time for a period not exceeding 20 consecutive calendar quarters (each, an "Extension Period"). Interest will continue to accrue on the Debentures during an Extension Period and will compound quarterly, at the rate specified for the Debentures, to the extent permitted by applicable law. See "--Option to Extend Interest Payment Period." Interest payable on any Debenture that is punctually paid or duly provided for on any Interest Payment Date shall be paid to the person in whose name such Debenture is registered at the close of business on the January 15, April 15, July 15 or October 15, respectively, preceding such Interest Payment Date (each, a "Record Date"). Interest will be computed on the basis of twelve 30-day months and a 360-day year and, for any period shorter than a full calendar month, on the basis of the actual number of days elapsed in such period. (Section 3.10 of the Indenture). If any date on which interest is payable on the Debentures is not a Business Day, the payment of interest due on such date may be made on the next succeeding Business Day (and without any interest or other payment in respect of such delay). A "Business Day" shall mean any day other than a day on which banking institutions in The City of New York or in Chicago, Illinois are authorized or required by law to close.

Payments in respect of the Debentures will be made at the office or agency of the Company maintained for that purpose in The City of New York (which, unless changed, shall be a corporate trust office or agency of the Trustee). However, at the option of the Company, payments on the Debentures may be made (i) by checks mailed by the Trustee to the Holders entitled thereto at their registered addresses or (ii) by wire transfers to accounts maintained by the Holders entitled thereto as specified in the Register, provided that, in either case, the payment of principal with respect to any Debenture will be made only upon surrender of such Debenture to the Trustee. Interest payable on any Debenture that is not punctually paid or duly provided for on any Interest Payment Date will forthwith cease to be payable to the person in whose name such Debenture is registered on the relevant Record Date, and such defaulted interest will instead be payable to the person in whose name such Debenture is registered on the special record date or other specified date determined in accordance with the Indenture; provided, however, that interest shall not be considered payable by the Company on any Interest Payment Date falling within an Extension Period unless the Company has elected to make a full or partial payment of interest accrued on the Debentures on such Interest Payment Date. (Section 3.7 of the Indenture.)

In the event the Company fails at any time to make any payment of interest, principal or premium on the Debentures when due (after giving effect to any grace period for payment thereof as described in "--Events of Default, Notice and Certain Rights on Default") or the Company exercises its option to extend the interest payment period for an Extension Period as described in "--Option to Extend Interest Payment Period," the Company will not, until all defaulted interest on the Debentures and all interest accrued on the Debentures during an Extension Period and all principal and premium, if any, then due and payable on the Debentures shall have been paid in full, (i) declare, set aside or pay any dividend or distribution on any capital stock of the Company, including the Series A Preferred Stock and the Common Stock, except for dividends or distributions in shares of its capital stock or in rights to acquire shares of its capital stock, or (ii) repurchase, redeem or otherwise acquire, or make any sinking fund

payment for the purchase or redemption of, any shares of its capital stock (except by conversion into or exchange for shares of its capital stock and except for a redemption, purchase or other acquisition of shares of its capital stock made for the purpose of an employee incentive plan or benefit plan of the Company or any of its subsidiaries); provided, however, that any moneys deposited in any sinking fund with respect to any preferred stock of the Company in compliance with the provisions of such sinking fund and not in violation of this provision may thereafter be applied to the purchase or redemption of such preferred stock in accordance with the terms of such sinking fund without regard to the restrictions contained in this provision. (Section 9.8 of the Indenture.)

OPTION TO EXTEND INTEREST PAYMENT PERIOD

So long as the Company shall not be in default in the payment of interest on the Debentures, the Company shall have the right, upon prior notice by public announcement given in accordance with NYSE rules at any time during the term of the Debentures, prior to an Interest Payment Date as provided below, to extend the interest payment period from time to time to another Interest Payment Date by one or more quarterly periods, not to exceed 20 consecutive calendar quarters from the last Interest Payment Date to which interest was paid in full (each, an "Extension Period"). No interest shall be due and payable during an Extension Period, but on the Interest Payment Date occurring at the end of each Extension Period the Company shall pay to the holders of record on the Record Date for such Interest Payment Date (regardless of who the holders of record may have been on other dates during the Extension Period) all accrued and unpaid interest on the Debentures, together with interest thereon. Interest will continue to accrue on the Debentures during an Extension Period and will compound quarterly, at the rate specified for the Debentures, to the extent permitted by applicable law. Prior to the termination of any Extension Period, the Company may pay all or any portion of the interest accrued on the Debentures on any Interest Payment Date to holders of record on the Record Date for such Interest Payment Date or from time to time further extend the interest payment period, provided that any such Extension Period together with all such previous and further extensions thereof may not exceed 20 calendar quarters. If the Company shall elect to pay all of the interest accrued on the Debentures on an Interest Payment Date during an Extension Period, such Extension Period shall automatically terminate on such Interest Payment Date. Upon the termination of any Extension Period and the payment of all amounts of interest then due, the Company may commence a new Extension Period, subject to the above requirements. Consequently, there could be multiple Extension Periods of varying lengths throughout the term of the Debentures. The Company has no current intention of exercising its right to defer any interest payment period. However, in the event the Company determines to extend an interest payment period, or in the event the Company thereafter extends an Extension Period or prepays interest accrued during an Extension Period as described above, the market price of the Debentures is likely to be affected. In addition, as a result of such rights, the market price of the Debentures may be more volatile than other debt instruments with original issue discount that do not have such rights. A holder that disposes of its Debentures during an Extension Period, therefore, may not receive the same return on its investment as a holder that continues to hold its Debentures.

The Company shall cause the Trustee to give holders of the Debentures prior notice, by public announcement given in accordance with NYSE rules and by mail to all such holders, of (i) the Company's election to initiate an Extension Period and the duration thereof, (ii) the Company's election to extend any Extension Period beyond the Interest Payment Date on which such Extension Period is then scheduled to terminate and the duration of such extension and (iii) the Company's election to make a full or partial payment of interest accrued on the Debentures on any Interest Payment Date during any Extension Period and the amount of such payment. In no event shall such notice be given less than five Business Days prior to the January 15, April 15, July 15 or October 15 next preceding the applicable Interest Payment Date.

SUBORDINATION

The payment of the principal of, and premium, if any, and interest on the Debentures will be subordinated to the extent set forth in the Indenture to the prior payment in full of amounts then due on all Senior Indebtedness (as defined below). No payments or distributions, whether in cash, securities or other property (other than securities of the Company or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinated, at least to the same extent as the Debentures, to the payment of all Senior Indebtedness at the time outstanding and to any securities issued in respect thereof under any such plan of reorganization or readjustment) on account of principal of, and premium, if any, or interest on the Debentures may be made by the Company unless full payment of all amounts then due on Senior Indebtedness has been made or provided for in money or money's worth. Upon any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than securities of the Company or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinated, at least to the same extent as the Debentures, to the payment of all Senior Indebtedness at the time outstanding and to any securities issued in respect thereof under such plan of

reorganization or readjustment) to creditors upon any dissolution or winding up or total or partial liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all amounts due upon all Senior Indebtedness shall first be paid in full, or payment thereof provided for in money or money's worth, before the holders of the Debentures or the Trustee shall be entitled to retain any assets so paid or distributed (other than the securities described in the first parenthetical of this sentence) in respect of the Debentures (for principal or interest) or of the Indenture. (Article 12 of the Indenture.)

The term "Senior Indebtedness" of the Company means all Indebtedness of the Company (other than the Debentures), unless such Indebtedness by its terms or the terms of the instrument creating or evidencing the same expressly provides that it is subordinate in right of payment to or pari passu with the Debentures. (Section 1.1 of the Indenture.) "Indebtedness," when used with respect to the Company, means, without duplication, the principal of, and premium, if any, and accrued and unpaid interest (including post-petition interest) on any obligation, whether outstanding on the date hereof or thereafter created, incurred or assumed, which is (i) indebtedness of the Company for money borrowed, (ii) Indebtedness Guarantees (as defined in the Indenture) by the Company of indebtedness for money borrowed by any other person, (iii) indebtedness evidenced by notes, debentures, bonds or other instruments of indebtedness for payment of which the Company is responsible or liable, (iv) obligations for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction, (v) obligations of the Company under Capital Leases (as defined in the Indenture) and Flight Equipment (as defined in the Indenture) leases (the amount of the Company's obligation under such Flight Equipment leases to be computed in accordance with Statement of Financial Accounting Standards No. 13 as if such Flight Equipment leases were Capital Leases), (vi) obligations (net of counterparty payments) under interest rate and currency swaps, caps, collars, options, forward or spot contracts or similar arrangements or with respect to foreign currency hedges, and (vii) commitment and other bank financing fees under contractual obligations associated with bank debt; provided, however, that Indebtedness shall not include amounts owed to trade creditors in the ordinary course of business.

By reason of the subordination described herein, in the event of the distribution of assets upon insolvency, creditors of the Company who are not holders of Senior Indebtedness or of the Debentures may recover less, ratably, than holders of Senior Indebtedness, and may recover more, ratably, than holders of the Debentures. Moreover, upon any distribution of the assets of the Company, the holders of the Debentures are required to pay over their share of such distribution to the holders of Senior Indebtedness to the extent necessary to pay all holders of Senior Indebtedness in full.

On December 31, 1994 approximately $732 million of Senior Indebtedness was outstanding. The calculation of the amount of Senior Indebtedness assumes that the Company is primarily obligated for

the present value of future minimum lease payments under operating leases guaranteed by the Company but does not include other contingent obligations such as stipulated loss values or liquidated damages which may be payable under such operating leases. There is no restriction under the Indenture on the creation of additional indebtedness, including Senior Indebtedness, by the Company, including indebtedness owed by the Company to United and its other subsidiaries.

Because the Company is a holding company that conducts business through its subsidiaries, the Debentures are effectively subordinated to all existing and future obligations of the Company's subsidiaries, including United. Any right of the Company to participate in any distribution of the assets of any of the Company's subsidiaries, including United, upon the liquidation, reorganization or insolvency of such subsidiary (and the consequent right of the holders of the Debentures to participate in those assets) will be subject to the claims of the creditors (including trade creditors) and preferred stockholders of such subsidiary, except to the extent that claims of the Company itself as a creditor of such subsidiary may be recognized, in which case the claims of the Company would still be subordinate to any security interest in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by the Company. On December 31, 1994, approximately $13.7 billion of indebtedness,

leases and other obligations (including trade payables) of the Company's subsidiaries (net of those obligations of the Company to its subsidiaries that are included in the definition of Senior Indebtedness) not included in the definition of Senior Indebtedness was outstanding.

Because the Company is a holding company, the Company's cash flow and consequent ability to meet its debt obligations are primarily dependent upon the earnings of its subsidiaries, particularly United, and on dividends and other payments therefrom. The Company's subsidiaries are not obligated or required to pay any amounts due pursuant to the Debentures or to make funds available therefor in the form of dividends or advances to the Company.

CONVERSION

Each Debenture will be convertible at the option of the holder thereof at any time after the date of original issuance thereof, unless previously redeemed, into $541.90 for each $1,000 principal amount thereof and the number of fully paid and nonassessable shares of Common Stock obtained by dividing the aggregate Principal Amount of such Debenture minus $541.90 for each $1,000 principal amount thereof by the Conversion Price and surrendering such Debentures to be converted as provided below; provided, however, that the right to convert Debentures called for redemption shall terminate at the close of business on the day preceding the Redemption Date, unless the Company shall default in making payment of the cash payable upon such redemption. Certificates will be issued for the remaining Debentures in any case in which fewer than all of the Debentures represented by a certificate are converted.

Holders of Debentures at the close of business on an interest payment record date shall be entitled to receive the interest payable on such Debentures on the corresponding Interest Payment Date notwithstanding the conversion thereof following such interest payment record date and prior to such Interest Payment Date. However, Debentures surrendered for conversion during the period between the close of business on any interest payment record date and the opening of business on the corresponding Interest Payment Date (except Debentures converted after the issuance of a notice of redemption with respect to a Redemption Date during such period, which shall be entitled to such interest on the Interest Payment Date) must be accompanied by payment of an amount equal to the interest payable on such Debentures on such Interest Payment Date. A holder of Debentures on an interest payment record date who (or whose transferee) tenders any such Debentures for conversion into shares of Common Stock on such Interest Payment Date will receive the interest payable by the Company on such Debentures on such date, and the converting holder need not include payment of the amount of such interest upon surrender of Debentures for conversion. Except as provided above, the Company shall make no payment or allowance for unpaid interest, whether or not in arrears, on converted Debentures or for dividends on the shares of Common Stock issued upon such conversion.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the Debentures shall have been surrendered and such notice (and if applicable, payment of an amount equal to the interest payable on such Debentures) received by the Company as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date and such conversion shall be at the Conversion Price in effect at such time on such date, unless the stock transfer books of the Company shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such shares shall have been surrendered and such notice received by the Company.

No fractional shares or scrip representing fractions of shares of Common Stock will be issued upon conversion of the Debentures. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a Debenture, the Company shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate principal

amount of the Debentures so surrendered.

The Conversion Price shall be adjusted from time to time as follows:

(a) If the Company shall after the Issue Date (A) pay a dividend or make a distribution on its capital stock in shares of its Common Stock, (B) subdivide its outstanding Common Stock into a greater number of shares, (C) combine its outstanding Common Stock into a smaller number of shares or (D) issue any shares of capital stock by reclassification of its Common Stock, the Conversion Price in effect at the opening of business on the day next following the date fixed for the determination of stockholders entitled to receive such dividend or distribution or at the opening of business on the day next following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any Debentures thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Debenture been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this paragraph (a) shall become effective immediately after the opening of business on the day next following the record date (except as provided below) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification.

(b) If the Company shall issue after the Issue Date rights or warrants (in each case, other than the Rights) to all holders of Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase Common Stock at a price per share less than the Fair Market Value per share of Common Stock on the record date for the determination of stockholders entitled to receive such rights or warrants, then the Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying (1) the Conversion Price in effect immediately prior to the opening of business on the day next following the date fixed for such determination by (2) a fraction, the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of shares that the aggregate proceeds to the Company from the exercise of such rights or warrants for

Common Stock would purchase at such Fair Market Value, and the denominator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights or warrants. Such adjustment shall become effective immediately after the opening of business on the day next following such record date (except as provided below). In determining whether any rights or warrants entitle the holders of Common Stock to subscribe for or purchase shares of Common Stock at less than such Fair Market Value, there shall be taken into account any consideration received by the Company upon issuance and upon exercise of such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board.

(c) If the Company shall distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidence of its indebtedness or assets (excluding cash dividends or distributions paid from profits or surplus of the Company) or rights or warrants (in each case, other than the Rights) to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Common Stock entitling them for a period expiring within 45 days after the record date referred to in paragraph (b) above to subscribe for or purchase Common Stock, which rights and warrants are referred to in and treated under paragraph (b) above (any of the foregoing being hereinafter in this paragraph (c) called the "Securities")), then in each such case the Conversion Price shall be adjusted so that it shall equal the price determined by multiplying (1) the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of

stockholders entitled to receive such distribution by (2) a fraction, the numerator of which shall be the Fair Market Value per share of the Common Stock on the record date mentioned below less the then fair market value (as determined by the Board, whose determination shall be conclusive) of the portion of the capital stock or assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one share of Common Stock, and the denominator of which shall be the Fair Market Value per share of the Common Stock on the record date mentioned below. Such adjustment shall become effective immediately at the opening of business on the Business Day next following (except as provided below) the record date for the determination of stockholders entitled to receive such distribution. For the purposes of this paragraph (c), the distribution of a Security, which is distributed not only to the holders of the Common Stock on the date fixed for the determination of stockholders entitled to receive such distribution of such security, but also is distributed with each share of Common Stock delivered to a person converting a Debenture after such determination date, shall not require an adjustment of the Conversion Price pursuant to this paragraph (c); provided that on the date, if any, on which a Person converting a Debenture would no longer be entitled to receive such Security with a share of Common Stock (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred and the Conversion Price shall be adjusted as provided in this paragraph (c) (and such day shall be deemed to be "the date fixed for the determination of the stockholders entitled to receive such distribution" and "the record date" within the meaning of the two preceding sentences).

(d) No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this paragraph (d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with these conversion provisions (other than this paragraph (d)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of shares of Common Stock. Notwithstanding any other provisions, the Company shall not be required to make any adjustment of the Conversion Price for the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends on securities of the Company. All calculations shall be made to the nearest cent (with $.005 being rounded upward) or to the nearest 1/10 of a share (with .05 of a

share being rounded upward), as the case may be. Anything to the contrary notwithstanding, the Company shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Price, in addition to those required by this conversion provision, as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Company to its stockholders shall not be taxable.

If the Corporation shall be a party to any transaction (including without limitation a merger, consolidation, sale of all or substantially all of the Company's assets or recapitalization of the Common Stock and excluding any transaction as to which paragraph (a) above applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof), each Debenture which is not converted into the right to receive stock, securities or other property in connection with such Transaction shall thereafter be convertible into the kind and amount of shares of stock, securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of shares or fraction thereof of Common Stock into which $1,000 principal amount of Debenture was convertible immediately prior to such Transaction, assuming such holder of Common Stock (i) is not a Person with which the Company consolidated or into which the Company merged or which merged into the Company or to which such sale or transfer was made, as the case may be ("Constituent Person"), or an affiliate of a Constituent Person and (ii) failed to exercise his rights of election, if any, as to the kind or amount of stock, securities and other

property (including cash) receivable upon such Transaction (provided that if the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction is not the same for each share of Common Stock of the Company held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this paragraph the kind and amount of stock, securities and other property (including cash) receivable upon such Transaction by each non-electing share shall be deemed to be the kind and amount so receivable per share by the plurality of the non-electing shares). The Company shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions herein and it shall not consent or agree to the occurrence of any Transaction until the Company has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Debentures that will contain provisions enabling the holders of the Debentures that remain outstanding after such Transaction to convert into the consideration received by holders of Common Stock at the Conversion Price in effect immediately prior to such Transaction. The provisions of this paragraph shall similarly apply to successive Transactions.

If:

(i) the Company shall declare a dividend (or any other distribution) on the Common Stock (other than in cash out of profits or surplus and other than the Rights); or

(ii) the Company shall authorize the granting to the holders of the Common Stock of rights or warrants (other than the Rights) to subscribe for or purchase any shares of any class or any other rights or warrants (other than the Rights); or

(iii) there shall be any reclassification of the Common Stock (other than an event to which paragraph (a) above with respect to Conversion Price adjustment applies) or any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or the sale or transfer of all or substantially all of the assets of the Company as an entirety; or

(iv) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Company;

then the Company shall cause to be filed with the Trustee and shall cause to be mailed to the holders of the Debentures at their addresses as shown on the register of the Company, as promptly as possible,

but a least 15 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to receive such dividend, distribution or rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of such proceedings.

Whenever the Conversion Price is adjusted as herein provided, the Company shall promptly file with the Trustee an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment which certificate shall be prima facie evidence of the correctness of such adjustment. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the effective date of such adjustment and shall mail such notice of such adjustment of the Conversion Price to the holders of the Debentures at such holders' last address as shown on the register of the Company.

In any case in which an adjustment shall become effective on the day next

following a record date for an event, the Company may defer until the occurrence of such event (A) issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fraction.

For purposes of these conversion provisions, the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Company. The Company shall not pay a dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

There shall be no adjustment of the Conversion Price in case of the issuance of any stock of the Company in a reorganization, acquisition or other similar transaction except as specifically set forth herein. If any action or transaction would require adjustment of the Conversion Price pursuant to more than one paragraph hereof, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value.

If the Company shall take any action affecting the Common Stock, other than action described herein, that in the opinion of the Board would materially adversely affect the conversion rights of the holders of the Debentures, the Conversion Price for the Debentures may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board may determine to be equitable in the circumstances.

The Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock or its issued shares of Common Stock held in its treasury, or both, for the purpose of effecting conversion of the Debentures, the full number of shares of Common Stock deliverable upon the conversion of all outstanding Debentures not theretofore converted. For purposes of this paragraph, the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding Debentures shall be computed as if at the time of computation all such outstanding Debentures were held by a single holder.

The Company agrees that any shares of Common Stock issued upon conversion of the Debentures shall be validly issued, fully paid and non-assessable. Before taking any action that would cause an

adjustment reducing the Conversion Price below the then-par value of the shares of Common Stock deliverable upon conversion of the Debentures, the Company will take any corporate action that, in the opinion of its counsel, may be necessary in order that the Company may validly and legally issue fully-paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

The Company shall endeavor to list the shares of Common Stock required to be delivered upon conversion of the Debentures, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

Prior to the delivery of any securities that the Company shall be obligated to deliver upon conversion of the Debentures, the Company shall endeavor to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock or other securities or property on conversion of the Debentures pursuant to these conversion provisions; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock or other securities or property in a name other than that of the holder of the Debentures to be converted and no such issue or delivery shall be made unless and until the person requesting any issue or delivery has paid to the Company the amount of any such tax or established, to the reasonable satisfaction of the Company, that such tax has been paid.

The term "Conversion Price" means the conversion price per share of Common Stock for which the Debentures are convertible, as such Conversion Price may be adjusted. The initial Conversion Price will be $143.50.

The term "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the last reported sales price, regular way on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the NYSE Composite Tape, or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market ("NNM") of the National Association of Securities Dealers, Inc. Automated Quotations System ("Nasdaq") or, if such security is not quoted on such NNM, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on such day shall not have been reported through Nasdaq, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board.

The term "Fair Market Value" means the average of the daily Current Market Prices of a share of Common Stock during the five (5) consecutive Trading Days selected by the Company commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "ex date," when used with respect to any issuance or distribution, means the first day on which the Common Stock trades regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

The term "Principal Amount" shall mean the principal amount of the Debenture.

The term "Rights" is defined under "Description of Capital Stock--Preferred Share Purchase Rights."

The term "Trading Day" means any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the NNM, or if such securities are not quoted on such NNM, in the applicable securities market in which the securities are traded.

REDEMPTION

The Debentures will not be subject to any mandatory redemption, sinking fund or other obligation of the Company to amortize, redeem or retire the Debentures, and will not be redeemable prior to May 1, 1996. On and after such date, the Company has the option to redeem the Debentures in whole or in part, at the following percentages of the principal amount thereof redeemed, plus accrued and unpaid interest, if any, up to but excluding the redemption date, if redeemed during the twelve-month period commencing May 1 of the years indicated:

YEAR	REDEMPTION PRICE
1996	104.375%
1997	103.750%
1998	103.125%
1999	102.500%

REDEMPTION

YEAR	PRICE
2000	101.875%
2001	101.250%
2002	100.625%
2003 and thereafter	100.000%

If fewer than all the outstanding Debentures are to be redeemed, the Trustee, not more than 45 days prior to the Redemption Date, will select those Debentures to be redeemed in such manner as the Trustee shall deem fair and appropriate. (Section 10.3 of the Indenture.)

The Company may exercise this redemption option only if for 20 trading days within any period of 30 consecutive trading days, including the last trading day, the last sale price of the Common Stock as reported by the NYSE Composite Transaction Tape exceeds 120% of the Conversion Price, subject to adjustment as described herein. To exercise the option, the Company must, within 10 trading days after the 30 day period in which the condition in the preceding sentence has been met, mail a notice of redemption at least 30 days but not more than 60 days before the redemption date to each holder of record of Debentures to be redeemed at the address shown on the register of the Company. (Section 10.4 of the Indenture). After the redemption date, interest will cease to accrue on the Debentures called for redemption and all rights of the holders of such Debentures will terminate, except the right to receive the redemption price without interest.

VOTING RIGHTS

The holders of the Debentures will have no voting rights.

CONSOLIDATION, MERGER OR SALE BY THE COMPANY

The Indenture provides that the Company may merge or consolidate with or into any other corporation or sell, convey, transfer or otherwise dispose of all or substantially all of its assets to any person, firm or corporation, if (i) (a) in the case of a merger or consolidation, the Company is the surviving corporation or (b) in the case of a merger or consolidation where the Company is not the surviving corporation and in the case of a sale, conveyance, transfer or other disposition, the successor corporation is a corporation organized and existing under the laws of the United States of America or a State thereof and such corporation expressly assumes by supplemental indenture all the obligations of the Company under the Debentures and under the Indenture, (ii) immediately after giving effect to such merger or consolidation, or such sale, conveyance, transfer or other disposition, no Default or Event of Default (as defined below) shall have occurred and be continuing and (iii) certain other conditions are

met. In the event a successor corporation assumes the obligations of the Company, such successor corporation shall succeed to and be substituted for the Company under the Indenture and under the Debentures and all obligations of the Company thereunder shall terminate. (Article 7 of the Indenture.)

EVENTS OF DEFAULT, NOTICE AND CERTAIN RIGHTS ON DEFAULT

The Indenture provides that, if an Event of Default specified therein shall have occurred and be continuing, either the Trustee or the holders of 25% in aggregate principal amount of the Debentures then outstanding may, by written notice to the Company (and to the Trustee, if notice is given by such holders of Debentures), declare the principal of all the Debentures to be due and payable. However, at any time after a declaration of acceleration with respect to the Debentures has been made, but before a judgment or decree based on such acceleration has been obtained, the holders of a majority in aggregate principal amount of the Debentures then outstanding may, under certain circumstances, rescind and annul such acceleration. (Section 5.2 of the Indenture.)

Events of Default are defined in the Indenture as being: default for thirty days in payment of any interest installment when due; default for ten days in payment of principal or premium, if any, at maturity or on redemption or

otherwise, on the Debentures when due; default for sixty days after notice to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Debentures then outstanding, in the performance of any other covenant or warranty in the Indenture; and certain events of bankruptcy, insolvency or reorganization of the Company. (Section 5.1 of the Indenture.) In addition, pursuant to the officer's certificate establishing the terms of the Debentures, an Event of Default occurs if there is a default during an Extension Period resulting in acceleration of other indebtedness of the Company for borrowed money where the aggregate principal amount so accelerated exceeds $150 million and such acceleration is not rescinded or annulled within ten days after the written notice thereof to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Debentures then outstanding, provided, however, that such Event of Default will be cured or waived if the default that resulted in the acceleration of such other indebtedness is cured or waived.

The Indenture provides that the Trustee shall, within ninety days after the occurrence of a Default with respect to the Debentures, give to the holders of the Debentures notice of all uncured Defaults known to it; provided that, except in the case of default in payment on the Debentures the Trustee may withhold the notice if and so long as a Responsible Officer (as defined in the Indenture) in good faith determines that withholding such notice is in the interests of the holders. (Section 6.6 of the Indenture.) "Default" means any event which is, or after notice or passage of time or both, would be, an Event of Default. (Section 1.1 of the Indenture.)

The Indenture provides that the holders of a majority in aggregate principal amount of the Debentures then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, provided that such direction shall not be in conflict with any law or the Indenture and subject to certain other limitations. (Section 5.8 of the Indenture.) The right of any holder of Debentures to institute action for any remedy under the Indenture (except the right to enforce payment of the principal of, interest on, and premium, if any, on its Debentures when due) is subject to certain conditions precedent, including a request to the Trustee by the holders of not less than 25% in aggregate principal amount of Debentures then outstanding to take action, and an offer to the Trustee of satisfactory indemnification against liabilities incurred by it in so doing (Section 5.9 of the Indenture.)

The Indenture includes a covenant that the Company will file annually with the Trustee a certificate as to the Company's compliance with all conditions and covenants of the Indenture. (Section 9.7 of the Indenture.)

The holders of a majority in aggregate principal amount of the Debentures then outstanding by notice to the Trustee may waive, on behalf of the holders of all the Debentures, any past Default or Event of Default and its consequences except a Default or Event of Default in the payment of the principal of, premium, if any, or interest on any of the Debentures and certain other defaults. (Section 5.7 of the Indenture.)

If a bankruptcy proceeding is commenced in respect of the Company under the Federal Bankruptcy Code or if the principal amount of the Debentures is accelerated upon the occurrence of an event of default, the holders of the Debentures may be unable to recover amounts representing the unamortized portion of any original issue discount at the time such proceeding is commenced or such acceleration occurs.

AGREED TAX TREATMENT

The Indenture provides that each holder of a Debenture, each person that acquires a beneficial ownership interest in a Debenture and the Company agree that for United States federal, state and local tax purposes it is intended that such Debenture constitute indebtedness. (Section 3.1 of the Indenture.)

MODIFICATION OF THE INDENTURE

The Indenture contains provisions permitting the Company and the Trustee to enter into one or more supplemental indentures without the consent of the holders of any of the Debentures in order (i) to evidence the succession of another corporation to the Company and the assumption of the covenants and

obligations of the Company by such successor to the Company; (ii) to add to the covenants of the Company or surrender any right or power of the Company; (iii) to add additional Events of Default with respect to any series; (iv) to add or change any provisions to such extent as necessary to permit or facilitate the issuance of Debentures in bearer form or in global form; (v) to add to, change or eliminate any provisions affecting Debt Securities not yet issued; (vi) to secure the Debentures; (vii) to establish the form or terms of Debt Securities of any series; (viii) to evidence and provide for successor Trustees; (ix) if allowed without penalty under applicable laws and regulations, to permit payment in respect of Debt Securities in bearer form in the United States; (x) to correct or supplement any defective or inconsistent provisions in the Indenture or any supplemental indenture, to cure any ambiguity or correct any mistake or to make any other provisions with respect to matters or questions arising under the Indenture, provided that such action shall not adversely affect the interests of the holders of the Debentures; or (xi) to comply with any requirement of the Commission in connection with the qualification of the Indenture under the Trust Indenture Act. (Section 8.1 of the Indenture.)

The Indenture also contains provisions permitting the Company and the Trustee, with the consent of the holders of a majority in aggregate principal amount of the Debentures then outstanding, to execute supplemental indentures adding any provisions to or changing or eliminating any of the provisions of the Indenture or any supplemental indenture or modifying the rights of the holders, except that no such supplemental indenture may, without the consent of each holder, (i) change the time for payment of principal, premium, if any, or interest on any Debenture; (ii) reduce the principal of, or any installment of principal of, or interest on any Debenture; (iii) reduce the amount of premium, if any, payable upon the redemption of any Debenture; (iv) reduce the amount of principal payable upon acceleration of the maturity of an Original Issue Discount Security (as defined in the Indenture); (v) change the coin or currency in which any Debenture or any premium or interest thereon is payable; (vi) impair the right to institute suit for the enforcement of any payment on or with respect to any Debenture; (vii) reduce the percentage in principal amount of the outstanding Debentures the consent of whose holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain default; (viii) change the obligation of the

Company to maintain an office or agency in the places and for the purposes specified in the Indenture; (ix) modify the provisions relating to waiver of certain defaults or any of the foregoing provisions; or (x) adversely affect the right to convert Debentures. (Section 8.2 of the Indenture.)

THE TRUSTEE

The Bank of New York is the Trustee under the Indenture. The Trustee will also act as Exchange Agent for the Exchange Offer.

FORM OF DEBENTURES

The Debentures will be issued in fully registered form, without coupons. Investors may elect to hold their Debentures directly or, subject to the rules and procedures of DTC described below, hold interests in one or more global Debentures (the "Global Debentures") registered in the name of DTC or its nominee.

DTC has advised the Company as follows: DTC is a limited-purpose trust company organized under the Banking Law of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Exchange Act. DTC holds securities that its participants (the "Participants") deposit with DTC and facilitates the clearance and settlement of securities transactions among its Participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. The rules applicable to DTC and its Participants are on file with the Commission.

Upon the issuance of a Global Debenture, DTC will credit on its book-entry registration and transfer system the principal amount of the Debentures represented by such Global Debenture to the accounts of institutions that have accounts with DTC. The accounts to be credited shall be designated by the holders that sold such Debentures to such Participants. Ownership of beneficial interests in a Global Debenture will be limited to Participants or persons that may hold interests through Participants. Ownership of beneficial interests in Global Debenture will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC for such Global Debenture and on the records of Participants (with respect to the interests of persons holding through Participants). So long as DTC, or its nominee, is the owner of a Global Debenture, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Debentures represented by such Global Debenture for all purposes under the Indenture.

Each person owning a beneficial interest in a Global Debenture must rely on the procedures of DTC and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interest, to exercise any rights of a holder under the Indenture. The Company understands that under existing industry practices, if it requests any action of holders or if an owner of a beneficial interest in a Global Debenture desires to give or take any action which a holder is entitled to give or take under the Indenture, DTC would authorize the Participants holding the relevant beneficial interests to give or take such action, and such Participants would authorize beneficial owners owning through such Participants to give or take such action or would otherwise act upon the instructions of beneficial owners holding through them.

Principal and interest payments on the Debentures will be made to DTC. The Company understands that it is DTC's practice to credit any Participant's accounts with payments in amounts

proportionate to their respective beneficial interests in the Debentures represented by the Global Debenture as shown on the records of DTC on the date payment is scheduled to be made, unless DTC has reason to believe that it will not receive payment on such date. The Company expects that payments by Participants to owners of beneficial interests in such Global Debenture held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants. Accordingly, although owners who hold Debentures through Participants will not possess Debentures in definitive form, the Participants will provide a mechanism by which holders of Debentures will receive payments and will be able to transfer their interests.

Principal and interest payments on Debentures represented by Global Debentures registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of such Global Debentures. None of the Company, the Trustee or any other agent of the Company will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interest in such Global Debentures or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

If DTC or a successor depositor at any time notifies the Company that it is unwilling or unable to continue as depository of the Global Debentures or if at any time DTC is no longer eligible under the Indenture, and a successor depository is not appointed by the Company within ninety days, the Company will issue Debentures in definitive certificated form in exchange for the Global Debentures. In addition, the Company may at any time and in its sole discretion determine not to have Debentures represented by Global Debentures and, in such event, will issue Debentures in definitive certificated form in exchange for the Global Debentures. In either case, an owner of a beneficial interest in Global Debentures will be entitled to have certificated Debentures equal in principal amount of such beneficial interest registered in its name and will be entitled to physical delivery of such certificated Debentures. (Section 3.5 of the Indenture.)

SAME-DAY SETTLEMENT IN RESPECT OF GLOBAL DEBENTURES

So long as any Debentures are represented by Global Debentures registered in the name of DTC or its nominee, such Debentures will trade in DTC's Same-Day

Funds Settlement System, and secondary market trading activity in such Debentures will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Debentures.

DESCRIPTION OF CAPITAL STOCK

The Company's restated certificate of incorporation (the "Restated Certificate") provides that the authorized capital stock of the Company consists of (i) 100,000,000 shares of Common Stock, (ii) 16,000,000 shares of serial preferred stock, without par value (the "Serial Preferred Stock"), of which (a) 6,000,000 shares are designated as Series A Preferred Stock, (b) 50,000 shares are designated Series B Preferred Stock (the "Series B Preferred Stock") and (c) 1,250,000 shares are designated Series C Junior Participating Preferred Stock (the "Series C Preferred Stock"), (iii) 25,000,000 shares of Class 1 ESOP Convertible Preferred Stock, par value $0.01 per share (the "Class 1 ESOP Preferred Stock"), (iv) 25,000,000 shares of Class 2 ESOP Convertible Preferred Stock, par value $0.01 per share (the "Class 2 ESOP Preferred Stock" and together with the Class 1 ESOP Preferred Stock, the "ESOP Preferred Stock"), (v) 11,600,000 shares of Class P ESOP Voting Junior Preferred Stock, par value $0.01 per share (the "Class P ESOP Voting Preferred Stock"), (vi) 9,300,000 shares of Class M ESOP Voting Junior Preferred Stock, par value $0.01 per share (the "Class M ESOP Voting Preferred Stock"), (vii) 4,200,000 shares of Class S ESOP Voting Junior Preferred Stock, par value $0.01 per share (the "Class S ESOP Voting Preferred Stock" and together with the Class P ESOP Voting Preferred Stock

and the Class M ESOP Voting Preferred Stock, the "Voting Preferred Stock"), (viii) ten shares of Class I Junior Preferred Stock, par value $0.01 per share (the "Class I Preferred Stock"), (ix) one share of Class Pilot MEC Junior Preferred Stock, par value $0.01 per share (the "Class Pilot MEC Preferred Stock"), (x) one share of Class IAM Junior Preferred Stock, par value $0.01 per share (the "Class IAM Preferred Stock"), and (xi) ten shares of Class SAM Junior Preferred Stock, par value $0.01 per share (the "Class SAM Preferred Stock" and together with the Class Pilot MEC Preferred Stock and the Class IAM Preferred Stock, the "Employee Director Preferred Stock;" the Employee Director Preferred Stock together with the Class I Preferred Stock, the "Director Preferred Stock"). Together the shares of Serial Preferred Stock, ESOP Preferred Stock, Voting Preferred Stock and Director Preferred Stock are referred to as the "Preferred Stock." Shares of Serial Preferred Stock not otherwise designated may be issued from time to time in one or more series, without stockholder approval (unless the Serial Preferred Stock would rank prior to the ESOP Preferred Stock in which case such issuance shall be subject to the approval of each class of ESOP Preferred Stock, voting separately as a class), with such powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations, or restrictions thereof as may be adopted by the Board or a duly authorized committee thereof.

As of January 31, 1995, the outstanding capital stock of the Company consisted of (i) 12,434,294 shares of Common Stock, (ii) 5,999,900 shares of Series A Preferred Stock, (iii) 13,079.6 shares of Series B Preferred Stock, issued in the form of depositary preferred shares each representing one one-thousandth of a share of Series B Preferred Stock, (iv) 1,789,585 Shares of Class 1 ESOP Preferred Stock, (v) no shares of Class 2 ESOP Preferred Stock, (vi) one share of Class P ESOP Voting Preferred Stock, one share of Class M ESOP Voting Preferred Stock and one share of Class S ESOP Voting Preferred Stock, each owned of record by the trustee of the ESOP trusts, (vii) one share of Class Pilot MEC Preferred Stock held by the United Airlines Pilots Master Executive Counsel ("ALPA-MEC") of the Air Line Pilots Association, International ("ALPA"), (viii) one share of Class IAM Preferred Stock held by the International Association of Machinists and Aerospace Workers (the "IAM"), (ix) three shares of Class SAM Preferred Stock, two held by the salaried and management director of the Company (the "Salaried and Management Director"), and one share owned by the senior executive of United with primary responsibility for human resources (the "SAM Designated Stockholder") and (x) four shares of Class I Preferred Stock, one held by each of the independent directors of the Company (the "Independent Directors"). Additional shares of ESOP Preferred Stock will not be outstanding but will be recorded on the books of the Company as book-entry shares ("Book-Entry Shares"). See "--The ESOP Preferred Stock." All of the outstanding shares of Common Stock and Preferred Stock are, and the shares of Common Stock issuable upon conversion of the Debentures will be, validly issued, fully paid and nonassessable.

CORPORATE GOVERNANCE

Composition of the Board

Subject to the rights of holders of Series A Preferred Stock and the holders of the Series B Preferred Stock to elect a total of two additional directors in the event of certain dividend arrearages (the "Preferred Stock Dividend Default Rights"), and prior to the Sunset, the Board will consist of 12 directors, who include (i) five Public Directors (as defined below), (ii) four Independent Directors (as defined below), (iii) two Union Directors (as defined below) and (iv) one Salaried and Management Director (as defined below) (the Union Directors and the Salaried and Management Director, collectively, are referred to as the "Employee Directors"). Following the Sunset, subject to the Preferred Stock Dividend Default Rights and the occurrence of either or both of the ALPA Termination Date and the IAM Termination Date (both as defined below, see "-- Sunset"), the Board will consist of 12 directors of whom nine will be elected by the holders of the Common Stock and three will be Employee Directors, elected as described below.

Public Directors

Five directors (the "Public Directors") are elected by holders of the Common Stock and consist of (a) three individuals who are not and have never been an officer or employee of, or a provider of professional services to, the Company or any of its subsidiaries (the "Outside Public Directors") and (b) two substantially full-time employees of the Company or any of its subsidiaries, one of whom, in addition, to the fullest extent such additional qualification is permitted by law, will be, at the time of election, the CEO, and the other of whom, in addition, to the fullest extent such additional qualification is permitted by law, will be a senior executive officer of the Company satisfactory to the CEO (the "Management Public Directors"). At the expiration of the term of each Outside Public Director and to fill vacancies, Outside Public Directors will be nominated or appointed, as appropriate, by an "Outside Public Director Nomination Committee" comprised of the Outside Public Directors. Any amendment or modification of the rights, powers, privileges or qualifications of the Outside Public Directors or the Outside Public Director Nomination Committee will, in addition to the approval required by law or as described below under the Restated Certificate, require the concurrence of all of the Outside Public Directors or the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Company entitled to vote thereon excluding shares held by the ESOP Trustee. In addition, Management Public Directors are nominated or appointed, as appropriate, by a majority vote of the entire Board.

Independent Directors

The four Independent Directors have been elected by the holders of Class I Preferred Stock. Each Independent Director, upon becoming an Independent Director, acquired a share of Class I Preferred Stock and became a party to the Class I Preferred Stockholders' Agreement pursuant to which the stockholders have agreed to vote their shares to elect the Independent Directors nominated in accordance with the procedures set forth below and to refrain from transferring their shares of Class I Preferred Stock other than to a person who has been elected to serve as an Independent Director and who agrees to be subject to the provisions of the Class I Preferred Stockholders' Agreement.

None of the Independent Directors may have, without the consent of both Union Directors and all of the Public Directors, a current or prior material affiliation or business relationship with the Company (other than an affiliation that results from being a member of the Board) or be an officer, director, trustee or official of any labor organization that serves as a collective bargaining "representative" under the Railway Labor Act or the National Labor Relations Act. In addition, generally, at least two of the four Independent Directors at the time of their initial nomination or appointment to the Board must (i) be a senior executive officer of a private or public company with revenues in excess of $1 billion during such company's prior fiscal year and/or (ii) be a member of the board of directors of at least one other public company with a market capitalization in excess of $1 billion as of the date of such company's most recent annual financial statements.

The Independent Directors are nominated or appointed, as appropriate, by an

"Independent Director Nomination Committee" consisting of the Independent Directors and the Employee Directors. Approval of such nomination or appointment requires a majority of the Independent Directors and the concurrence of at least one Union Director.

Employee Directors

The three Employee Directors are elected as follows: (i) one director (the "ALPA Director") is elected by the holder of the Class Pilot MEC Preferred Stock, (ii) one director (the "IAM Director" and, together with the ALPA Director, the "Union Directors") is elected by the holder of the Class IAM Preferred Stock, and (iii) the Salaried and Management Director is elected by the holders of the Class SAM Preferred Stock, each selected as described below.

The replacement Salaried and Management Director will be nominated by the System Roundtable. The System Roundtable will establish a selection committee of four employees to select the nominee for Salaried and Management Employee Director from time to time. The Salaried and Management Director and the SAM Designated Stockholder are parties to the Class SAM Preferred Stockholders' Agreement pursuant to which the stockholders have agreed to vote their shares to elect the Salaried and Management Director nominated by the System Roundtable and to refrain from transferring the shares of Class SAM Preferred Stock other than to a person who has been elected to serve as the Salaried and Management Director or to the senior executive of United who has primary responsibility for human resources and, in each case, who agrees to be subject to the provisions of the Class SAM Preferred Stockholders' Agreement. The "System Roundtable" is a body of salaried and management employees of United empaneled to review and discuss issues relating to the Company and their effect on salaried and management employees.

Vacancies of Employee Directors may be filled only by the holder or holders of the class of stock that elected such director.

Quorum

The Restated Certificate provides that until the Sunset, a quorum at a Board meeting will exist only if (a) directors with at least a majority of the votes entitled to be cast by the entire Board are present and (b) unless consented to by the two Union Directors, if less than all votes are present, the number of votes constituting a majority of the votes present is no greater than the sum of (i) two plus (ii) the number of Independent Director votes present at the meeting.

Required Board Action

Except as required by law or as set forth in the Restated Certificate, approval of all Board action requires a majority vote of the total number of director votes present at a meeting at which a quorum is present. Until the Sunset, in the event of a vacancy on the Board of an Independent Directorship, the remaining Independent Directors will as a group continue to have four votes (divided equally among the remaining Independent Directors). Until the Sunset, in the event of a vacancy on the Board of an Employee Directorship or a Public Directorship, or in the event of a vacancy of an Independent Directorship that immediately prior to the occurrence of such vacancy was held by a member of a Board committee of which only one Independent Director was a member, then, subject to the fiduciary duties of the remaining Directors or members of such Board committee, as the case may be, then in office, neither the Board nor such Board committee may take any action (other than to fill such vacancy) until after the earlier of (i) 20 days following the occurrence of such vacancy and (ii) the time that such vacancy is filled in accordance with the Restated Certificate.

Term of Office; Resignation; Removal

Each Director holds office until the next annual meeting of stockholders and until his or her successor is elected and qualified, subject to such Director's earlier death, resignation or removal. In addition, the term of an Outside Public Director or an Independent Director automatically terminates if such Director ceases to meet the qualifications of an Outside Public Director or Independent Director, as the case may be. Any Director may resign at any time upon written notice to the Company. Directors may not be removed from office except (i) without cause, by the class of stockholders that elected them, or

(ii) "for cause" as determined under the DGCL.

Officers

All decisions to hire or fire members of senior management (other than the CEO) are taken by the board or pursuant to the authority typically delegated by it to the CEO. Until the Sunset, hiring a new

CEO requires the approval of a majority of the Board following a recommendation by the Executive Committee, which will act as a search committee. If at the first meeting of stockholders following the hiring of a new CEO (other than the initial CEO following the Recapitalization), such CEO is not elected to the Board as a Public Director by the stockholders entitled to vote on such election, such CEO will be removed from office and a successor CEO will be selected. Any successor CEO will be appointed to fill the Public Directorship vacated by the predecessor CEO.

Stockholder Approval Matters

Stockholder approval is not a condition to any action of the Company except (i) as required by DGCL, or (ii) as described below under "--Extraordinary Matters," "--Special Voting Provisions with Respect to Purchase and Sale of Common Stock" or "--The ESOP Preferred Stock--Voting Rights." Until the Sunset, except as otherwise required by law or by the Restated Certificate, the presence in person or by proxy of the holders of outstanding shares representing at least a majority of the total voting power of all outstanding shares entitled to vote at a meeting of stockholders will constitute a quorum at a meeting of stockholders.

ESOP Voting

Allocated shares of Voting Preferred Stock (and, under any limited circumstances required by law or the Restated Certificate in which matters are submitted to it for a vote, the ESOP Preferred Stock) held by the tax-qualified employee stock ownership plan (as defined under "--The ESOP Preferred Stock") will be voted by participants, as named fiduciaries under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), on a confidential pass-through basis. The ESOP Trustee (as defined below) is obligated to vote as instructed by the participants to whom the Voting Preferred Stock has been allocated, and the shares which are allocated command the entire voting power of each class of Voting Preferred Stock. ALPA has made an agreed-upon election pursuant to which the shares of Class P Voting Preferred Stock allocated to former employees who were ALPA members will be voted by the ESOP Trustee. Unallocated shares and allocated shares which were not voted by the participants in the Qualified ESOP will be voted as described below by those ESOP participants who are employees who choose so to direct the ESOP Trustee. The ESOP Trustee will (except as may be required by law) vote the unallocated and otherwise unvoted shares in the proportions directed by participants who give instructions to the ESOP Trustee with respect to such shares; each participant who is an employee has the right to give such directions to the ESOP Trustee in proportion that the participant's allocated shares bears to the allocated shares of all participants giving such directions. Shares held by the Supplemental ESOP will be voted as instructed by the administrative committee appointed under the Supplemental ESOP. The Supplemental ESOP provides that the administrative committee shall consider the sentiments of participants concerning the vote, but is not required to take any particular action in response thereto. The Supplemental ESOP provides that it shall be amended at the request of ALPA to provide for pass-through voting by participants. The foregoing provisions also govern instructions to be given to the ESOP Trustee in the event of a tender offer.

Extraordinary Matters

Certain matters, defined as "Extraordinary Matters" generally require, in addition to any voting requirements under the DGCL, approval of at least either three-quarters of the Board (including the concurrence of one Union Director) or three-quarters of the shares present and voting at a stockholder meeting at which a quorum is present. In addition, the vote of at least 66 2/3% of the outstanding voting stock that is not owned by an "interested stockholder" is required to approve a "business combination" under Section 203 of the DGCL, where applicable. Extraordinary Matters include:

(a) Amendments to the Restated Certificate (other than certain technical amendments), substantive amendments to the Bylaws and mergers or consolidations of the Company or any of

its subsidiaries or a sale, lease or exchange of all or substantially all of the assets of the Company or United involving a person that has been formed by or is an affiliate of one or more labor groups representing employees of the Company or any of its subsidiaries or a person determined by the Board to be a person in which a substantial group of employees of the Company or any of its subsidiaries, acting as an organized group, owns a majority ownership interest (a "Labor Affiliate") (the Extraordinary Matters described in this paragraph (a) require, in addition to the approvals described above, either (i) six affirmative votes cast by Directors who are not Employee Directors or (ii) the affirmative vote of a majority of the shares of capital stock not held by ESOPs);

(b) Mergers or consolidations of the Company or any of its subsidiaries or a sale, lease or exchange of all or substantially all of the assets of the Company or United involving a person who is not a Labor Affiliate;

(c) Dissolutions;

(d) Entry into any new line of business outside the "airline business" (defined generally as the business of operating a domestic air carrier, together with any business or activities reasonably related to or in support of all such operations engaged in by the Company or any subsidiary at or immediately prior to the Effective Time), or the making of any investment (in excess of five percent of the total assets of the Company and its subsidiaries on a consolidated basis) outside the airline business;

(e) The making of any domestic airline acquisition or any material investment in another airline including ordinary course investments in excess of one half of one percent of the total assets of the Company and its subsidiaries on a consolidated basis;

(f) The adoption of any material amendment to the Rights Agreement (as defined below, see "--Preferred Share Purchase Rights") or taking of any material actions, including the redemption of rights, under the Rights Agreement;

(g) The sale, lease, exchange, surrender to or at the direction of a lessor, or other disposition (a "Disposition") by the Company or any of its Subsidiaries of assets for "Gross Proceeds" (defined to exclude taxes and sales costs) that, when added to the Gross Proceeds from (i) the Disposition of other such assets during the preceding 365 day period resulting in Gross Proceeds in excess of $5 million and (ii) the Disposition of other such assets during a recently completed preceding twelve calendar month period resulting in Gross Proceeds of $5 million or less, collectively exceeds $200 million; provided that (A) Gross Proceeds included in clauses (i) and (ii) will not include Gross Proceeds from any transactions consummated prior to the Effective Time and (B) the $5 million set forth in clauses (i) and (ii) may be increased by action of the Board on an annual basis based on the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which must include the concurrence of at least one Union Director; provided, further, that such approval will not be required for certain specified transactions (or count against the $200 million Gross Proceeds calculation above) including: (1) secured aircraft financings, (2) sale-leaseback and leveraged lease transactions, or sales or similar transfers of receivables, for financing purposes, (3) Dispositions of assets if replacement assets (consisting of assets of the same class as the assets being disposed of) generally have been ordered or acquired within the six calendar month period prior to such Dispositions of assets or so ordered or acquired within 365 days following the Disposition of assets for which no replacement assets had been previously acquired, (4) Dispositions provided Gross Proceeds in an amount up to 10% of the book value (net of depreciation) of the Company's fixed assets at the time of the most recent quarterly financial statements of the Company if (A) Directors entitled cast at least 75% of the votes entitled to be cast by the entire Board, including all of the Independent Directors, determine by resolution of the Board that such asset Disposition is necessary to (I) cure a default under material financing agreements binding

upon the Company or any of its subsidiaries or any of their respective properties, or avoid a default thereunder that, absent such Disposition, would be reasonably likely to occur within 90 days or (II) remedy a material adverse development in the Company's business

or condition, and (B) the Gross Proceeds of such asset Disposition are used to remedy the condition referred to in clause (A) (provided, that the exception afforded by this clause (4) will be available not more than once in any consecutive five-year period), (5) certain ordinary course Dispositions designed to allow the Company and its subsidiaries to continue many of their existing practices without significant restrictions that may involve Dispositions of assets, (6) Dispositions of assets (other than air frames, engines and related spare parts) if (A) made pursuant to a discrete asset management program that provides for the Disposition of not more than an aggregate of $25 million of assets and (B) such discrete asset management program is approved annually by either the Board or the stockholders as an Extraordinary Matter in accordance with the voting thresholds outlined above, and (7) Dispositions of assets that individually, or when aggregated with other assets in the same or related Dispositions, are not in excess of a de minimis amount, either with respect to periods prior to December 31, 1994 or pursuant to a distinct asset management program approved in accordance with the procedures set forth in clause (6) above; and

(h) The issuance of equity or equity equivalent securities (including convertible debt, but excluding non-voting, non-convertible preferred stock) (a "Non-Dilutive Issuance"); provided that such issuance shall not constitute an Extraordinary Matter if any of the following occur: (A) (I) three-quarters of the votes entitled to be cast by the entire Board, including all the Independent Directors, determine that such issuance is in the best interests of the Company, (II) such issuance is subject to the First Refusal Agreement (as defined below, see "--Common Stock--Right of First Refusal") and (III) if such issuance occurs on or prior to July 12, 1995, the Board by the affirmative vote of a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative votes of both Union Directors, approves an equitable adjustment to the number of Additional Shares (as defined, see "--Establishment of ESOPs--Additional Shares") to be issued pursuant to the Plan of Recapitalization, (B) three-quarters of votes entitled to be cast by the entire Board, including all the Independent Directors, determine (I) that the Company is insolvent (or, absent a material positive change in the Company's results of operations over the immediately succeeding 90 days from the results contained in the Company's regularly prepared projections, that the Company will become insolvent within 90 days), which determination is confirmed by written opinions of two nationally recognized investment banking firms that further opine (giving effect to the facts and circumstances applicable to the Company, including discussions with prospective equity investors) that the sale of equity securities is necessary to avoid or remedy such insolvency (the "Bankruptcy Opinions") and (II) that, after giving effect to the proposed issuance of additional equity securities (the "Permitted Bankruptcy Equity"), the Company would no longer be or not become "insolvent" in the time frame referred to in the Bankruptcy Opinions (the "Solvency Determination") and such issuance of Permitted Bankruptcy Equity satisfies the following three conditions: (X) such issuance does not exceed the amount determined by the Board to be reasonably necessary to allow the Board to make the Solvency Determination, (Y) a binding commitment for the sale of such Permitted Bankruptcy Equity is entered into within 90 days of the delivery of the Bankruptcy Opinions and (Z) the terms of the First Refusal Agreement have been complied with in all material respects by the Company, or (C) such issuance is pursuant to (I) the exercise, conversion or exchange of equity securities outstanding immediately prior to July 12, 1994, (II) the Company's 1981 Incentive Stock Plan, 1988 Restricted Stock Plan or Incentive Plan, each as amended in accordance with the Plan of Recapitalization, (III) the UAL Corporation 1992 Stock Plan for Outside Directors or (IV) any other equity incentive compensation plan approved by the affirmative vote of three-quarters of the votes entitled to be cast by the entire Board, including all the Independent Directors.

Special Voting Provisions with Respect to Purchase and Sale of Common Stock

Until the Sunset, any purchases of Common Stock by the Company (other than to fulfill its obligations to issue or retain shares of Common Stock in connection with the exercise of employee options issued pursuant to employee benefit plans or to retain shares of Common Stock in connection

with tax withholding obligations in connection with the exercise of employee options or restricted stock), or any sale by the Company of any shares of Common Stock to a Company-sponsored pension, retirement or other employee benefit plans for the account of employees (other than pursuant to the First Refusal Agreement or in connection with the creation and operation of the ESOPs to which the ESOP Preferred Stock is issued), whether for cash or non-cash consideration, including without limitation, employee concessions, must be approved by a majority of the Board, including at least 80% of the votes of the Public Directors.

Nondilution

The holders of Voting Preferred Stock vote as a single class with the holders of the Common Stock and the Employee Director Preferred Stock and represent approximately 55% of the votes to be cast on matters submitted to the vote of the Common Stock, Employee Director Preferred Stock and the Voting Preferred Stock (other than the election of Directors and such matters for which a vote by separate class is required under the DGCL). The number of votes represented by such Voting Preferred Stock is subject to increase on July 12, 1995 as described in "--The Voting Preferred Stock--Voting Rights." The Voting Preferred Stock will generally continue to represent approximately 55% of the aggregate voting power of the Common Stock, the Employee Director Preferred Stock and the Voting Preferred Stock, as adjusted under certain circumstances, until the Sunset.

Sunset

The "Sunset" will occur when (i) the Common Stock issuable upon conversion of the outstanding ESOP Preferred Stock, plus (ii) any Common Equity and Available Unissued ESOP Shares held in the ESOPs, in any other employee benefit plans sponsored by the Company or any of its subsidiaries for the benefit of its employees, represent, in the aggregate, less than 20% of the Common Equity and Available Unissued ESOP Shares of the Company. "Common Equity" is defined as, in the aggregate and without double-counting, (i) the Common Stock outstanding at the time in question, (ii) the Common Stock issuable upon conversion of the ESOP Preferred Stock and Voting Preferred Stock outstanding at the time in question, (iii) the Common Stock which is both (x) issuable upon exercise, conversion or exchange of Equity Securities and (y) included in the definition of "Fully Diluted Shares" (as defined in the Recapitalization Agreement), and (iv) the Common Stock represented by the Permitted Bankruptcy Equity outstanding at the time in question, if any; but excluding any Equity Securities (other than Permitted Bankruptcy Equity, Equity Securities issued in connection with the Recapitalization, any Class 2 ESOP Preferred Stock that may be issued and Equity Securities included in the definition of Fully Diluted Shares, as well as any other Equity Securities issued upon exercise or conversion of any such Permitted Bankruptcy Equity or any other such Equity Securities) issued in connection with a Non-Dilutive Issuance, including, without limitation, any Equity Securities (a) outstanding immediately prior to the Recapitalization that were not included in the definition of Fully Diluted Shares or (b) issued under the circumstances described in paragraph (h)(A) under "--Extraordinary Matters" or paragraph (h)(C)(II), (III) or (IV) under "--Extraordinary Matters" (including, in each case the shares of Equity Securities underlying such Equity Securities or issuable upon the exercise, conversion or exchange thereof). "Available Unissued ESOP Shares" is generally defined as the number of shares of Common Stock to be issued in connection with the ESOPs which have not yet been issued.

If the Sunset occurs, the Company will file a restated certificate of incorporation providing for more customary corporate governance provisions, the number of Directors will remain at 12 (of which three will be Employee Directors), the Outside Public Director Nomination Committee will nominate the Board's nominees for election of directors (other than the Employee Directors) to be elected by the stockholders at a meeting which will be held promptly thereafter and upon the effectiveness of such election the term of the then incumbent Directors will terminate, and there will be no special director or voting rights, except that (a) the ALPA Director will be elected by the holder of the Class Pilot MEC

Preferred Stock until the ALPA Termination Date, the IAM Director will be elected by the holder of the Class IAM Preferred Stock until the IAM Termination Date and the Salaried and Management Director will be elected by the holders of the Class SAM Preferred Stock until the earlier of the ALPA Termination Date and the IAM Termination Date, each voting separately in a class, and (b) the Union Directors would continue to serve on Committees as provided below.

Under current actuarial assumptions, the Company estimates that the Sunset will occur in the year 2016 if no additional purchases were made by eligible employee trusts and retirement plans. However, employees have the right to, and may be expected to, make additional purchases through such trusts and plans that will have the effect of delaying the Sunset. In certain circumstances described under "--The Director Preferred Stock--Uninstructed Trustee Action," the Sunset may not occur until 2010 even though the conditions for the Sunset have occurred. The Common Stock issuable or issued upon conversion of the Series A Preferred Stock is considered Common Equity for purposes of Sunset and the actuarial assumptions used in estimating the Sunset date assume that all Series A Preferred Stock is converted into Common Stock and none is redeemed or repurchased by the Company. However, neither the Debentures nor any Common Stock issued upon conversion thereof are considered Common Equity under the Restated Certificate. Accordingly, the Company estimates that the exchange of the Series A Preferred Stock in the Exchange Offer can be expected, based on such actuarial assumptions and all other things being equal, to delay the occurrence of the Sunset by approximately one year, assuming all of the outstanding Series A Preferred Stock is exchanged for Debentures in the Exchange Offer.

Committees

The Restated Certificate provides that until the Sunset the following committees will constitute the Board committees: the Audit Committee, the Competitive Action Plan ("CAP") Committee, the Compensation Committee, the Compensation Administration Committee, the Executive Committee, the Independent Director Nomination Committee, the Labor Committee, the Outside Public Director Nomination Committee and the Transaction Committee (collectively, the "Committees"). In addition, the Board may, by resolution passed by the affirmative vote of 80% of the votes of the entire Board, including the affirmative vote of at least one Union Director, designate one or more other committees of the Board, and it has exercised such power to create a Pension and Welfare Plan Oversight Committee ("PAWPOC"). Except as provided below, any act of a Committee will require the affirmative vote of a majority of the votes entitled to be cast by the Directors present at a meeting of such Committee and entitled to vote on the matter in question. The Restated Certificate contains certain provisions relating to the required quorum for committee action.

The Audit Committee consists of the four Independent Directors and the three Outside Public Directors or such fewer number of such Directors (in as nearly as practicable that same proportion of Independent Directors and Outside Public Directors) as shall qualify for audit committee membership under applicable rules of the securities exchanges or other similar trading market on which the Common Stock is traded. The Audit Committee is primarily concerned with (i) reviewing the professional services and independence of the Company's independent auditors and the scope of the annual external audit as recommended by the independent auditors, (ii) ensuring that the scope of the annual external audit is sufficiently comprehensive, (iii) reviewing, in consultation with the independent auditors and the internal auditors, the plan and results of the annual external audit, the adequacy of the Company's internal control systems and the results of the Company's internal audits, and (iv) reviewing, with management and the independent auditors, the Company's annual financial statements, financial reporting practices and the results of each external audit. The Audit Committee also has the authority to consider the qualifications of the Company's independent auditors, to make recommendations to the Board as to their selection and to review and resolve disputes between such independent auditors and management relating to the preparation of the annual financial statements.

The CAP Committee consists of eight Directors, including four Public Directors, two Independent Directors and the two Union Directors. Of the four Public Directors, three must be Outside Public Directors and one must be the CEO (if the CEO is a Public Director). The two Independent Director members are appointed by the Independent Director Nomination Committee which appointment requires the affirmative vote of all of the votes entitled to be cast by the Independent Directors. The function of the CAP Committee is to oversee implementation of the Company's Competitive Action Plan. The CAP Committee has the exclusive authority, acting for and on behalf of the Board and consistent with the protection of the interests of the holders of Common Stock to approve on behalf of the Company any and all modifications of or amendments to the Competitive Action Plan. However, to the extent such modifications or amendments relate to changes to any provision of the revised Collective Bargaining Agreements with the IAM and ALPA, the two Union Directors on the CAP Committee are neither entitled to vote nor counted in determining the presence of a quorum of such committee in connection therewith. Notwithstanding the foregoing, only the Labor Committee may approve on behalf of the Company any such changes to such Collective Bargaining Agreements. In addition, the CAP Committee has the exclusive authority, acting for and on behalf of the Board, to approve on behalf of the Company any and all modifications of or amendments to the salaried and management employee investment described in "--Investment for Salaried and Management Employees." Such modifications or amendments must be approved by the affirmative vote of at least a majority of the votes of the entire CAP Committee, including both Union Directors and all of the Outside Public Directors.

The Compensation Committee consists of seven Directors, including two Independent Directors, two Public Directors and three Employee Directors. Of the two Public Directors, one must be an Outside Public Director appointed by the Outside Public Director Nomination Committee, and one must be the CEO (if the CEO is a Public Director). The two Independent Director members are appointed by the unanimous approval of the Independent Director Nomination Committee. The principal functions of the Compensation Committee are to review and recommend to the Board the compensation and benefit arrangements to be established for the officers of the Company and to review general policy matters relating to compensation and benefit arrangements of non-union employees of the Company. The Compensation Committee also administers the stock option plans and executive compensation programs of the Company, including bonus and incentive plans applicable to officers and key employees of the Company. Subject to the final approval of the Compensation Committee (except as described in the following paragraph), the Compensation Committee may delegate to the Compensation Administration Committee specific responsibilities with respect to the compensation of the CEO.

The Compensation Administration Committee consists of two Independent Directors and one Outside Public Director, each of whom is (a) a "disinterested person" or "disinterested administrator" or any related successor concept under Rule 16b-3 (or any successor provision) promulgated pursuant to Section 16 of the Exchange Act and (b) an "outside director" or any related successor concept under Section 162(m) (or any successor provision) of the Code. The Outside Public Director is appointed by the Outside Public Director Nomination Committee. The two Independent Directors are appointed by the Independent Director Nomination Committee, which appointment shall require the affirmative vote of all the Independent Directors. The principal function of the Compensation Administration Committee is to administer the stock option plans and executive compensation programs of the Company to the extent such functions cannot or are not appropriate to be performed by the Compensation Committee in light of any provision of the Internal Revenue Code, the securities laws, any other applicable law or any regulations promulgated under any of the foregoing. Any action of the Compensation Administration Committee must also be approved by the Compensation Committee, unless such approval could reasonably be expected to prevent a stock option plan or executive compensation program, or a component thereof, that is intended to qualify under Rule 16b-3 (or any successor provision) or to qualify for an exception under such Section 162(m) (or any successor provision) from receiving the benefits of Rule 16b-3 or qualifying for such exception, respectively.

The Executive Committee is comprised of two Independent Directors, two Public Directors (the CEO, if the CEO is a Public Director, and one Outside Public Director) and two Union Directors. Subject to the DGCL, the Executive Committee has all the powers of the Board to manage the affairs of the Company except that it does not have the authority to act with respect to any of the

"Extraordinary Matters" discussed above, to take any action as to matters specifically vested in other Committees or take any action that may be taken by the Board only with a vote greater than or additional to a majority of the Board. In the event a new CEO is to be selected prior to the Sunset, the Executive Committee will function as a search committee to identify a successor CEO.

The Labor Committee consists of three or more Directors, including one Outside Public Director, at least one Independent Director and at least one other Director, as designated by the Board, but may not include any Employee Directors. The Labor Committee has the exclusive authority on behalf of the Board to approve on behalf of the Company the entering of, or any modification or amendment to, a collective bargaining agreement for U.S. employees to which the Company or any of its subsidiaries is a party.

The Transaction Committee consists of seven Directors, consisting of the four Independent Directors and the three Outside Public Directors. The function of the Transaction Committee is to evaluate and advise the Board with respect to any proposed merger or consolidation of the Company or any of its Subsidiaries with or into, the sale, lease or exchange of all or substantially all of the Company's or any of its Subsidiaries' property or assets to, or a significant business transaction with, any Labor Affiliate.

PAWPOC consists of six Directors, consisting of two Independent Directors, one Outside Public Director and three Employee Directors. The function of PAWPOC is to exercise oversight with respect to compliance by the Company and its subsidiaries with laws governing employee benefit plans maintained by the Company and its subsidiaries and subject to the provisions of ERISA.

Amended and Restated Bylaws

The Company's restated bylaws (the "Restated Bylaws") provide that until the Sunset, many matters will be governed by the Restated Certificate including, among others: (i) quorum requirements at any meeting of the stockholders, the Board or any Board Committee; (ii) the number, composition and term of office of Directors; (iii) removal of Directors; (iv) filling of vacancies on the Board and on Board Committees; (v) designation of Board Committees; (vi) the composition, function and powers of the Executive Committee; (vii) the appointment, term of office, filling of vacancies and removal of officers of the Company; and (viii) any substantive amendment to the Restated Bylaws. Further the Restated Bylaws provide that, subject to certain exceptions, following the Sunset many provisions of the Company's Bylaws prior to their restatement in connection with the Recapitalization will be reinstated.

The Restated Bylaws also: (i) govern the ability, until the Sunset, of any two Directors, the CEO or the secretary of the Company to call a special meeting of the Board; (ii) require, until the Sunset, subject to the fiduciary obligations of the Directors, that the CEO will be elected as one of the Management Public Directors; (iii) provide that the term of office of the CEO (other than Mr. Greenwald as the initial CEO) will automatically terminate if he or she is not elected as Management Public Director by the stockholders at the first meeting of stockholders for the election of directors at which he or she is eligible for nomination as a Management Public Director; and (iv) require, until the Sunset, that non-substantive amendments to the Restated Bylaws may be adopted either by a majority vote of the entire Board or by 75% of the voting power of the stock entitled to vote at a stockholder meeting in which a quorum is present. In addition, the Restated Bylaws contain other procedural sections, some of which operate only until the Sunset and some of which become operative only after the Sunset.

COMMON STOCK

Dividend Rights. Holders of Common Stock are entitled to receive dividends when, as and if declared by the Board out of funds legally available therefor, provided that, so long as any shares of Preferred Stock are outstanding, no dividends (other than dividends payable in common stock) or other distributions may be made with respect to the Common Stock unless full cumulative dividends on the shares of Preferred Stock have been paid. The Company has not paid cash dividends on the Common Stock since the third quarter of 1987.

As a holding company, the Company relies on distributions from United to pay dividends on its capital stock. There are currently no contractual restrictions

on United's ability to pay dividends to the Company.

Voting Rights. The holders of the Common Stock are entitled to cast one vote per share. Prior to the Sunset, the holders of the Common Stock, the holders of the Employee Director Preferred Stock and the holders of the Voting Preferred Stock vote together as a single class with respect to all matters submitted to the vote of the holders of Common Stock pursuant to law or as provided in the Restated Certificate except with respect to (a) such matters upon which the DGCL requires a separate class vote and (b) the election of the Public Directors, whom the holders of the Common Stock elect separately as a class. Until the Sunset, the holders of the Common Stock do not vote to elect any directors other than the Public Directors. After the Sunset, the holders of the Common Stock, the holders of the Employee Director Preferred Stock and the holders of the Voting Preferred Stock will continue to vote together as a single class with respect to all matters submitted to the vote of the holders of Common Stock pursuant to law or as provided in the Restated Certificate except with respect to such matters upon which the DGCL requires a separate class vote. See "--The Voting Preferred Stock--Voting Rights."

Right of First Refusal. The Company has entered into a First Refusal Agreement (the "First Refusal Agreement") with ALPA, the IAM and the Salaried and Management Director (solely as the representative of the Salaried and Management Employees) pursuant to which the Company has agreed that, subject to certain exceptions, if it proposes to issue any shares of Common Stock or other securities that are exchangeable for or convertible into shares of Common Stock (collectively, the "Equity Securities"), it must first offer such Equity Securities to ALPA and the IAM on behalf of the employees represented thereby and to the Salaried and Management Employees on the same terms and conditions upon which the Company proposes to sell such Equity Securities to a third party. Under the First Refusal Agreement, the members of ALPA will be entitled to purchase 46.23% of the Equity Securities offered, the members of the IAM will be entitled to purchase 37.13% of the Equity Securities offered and the Salaried and Management Employees will be entitled to purchase 16.64% of the Equity Securities offered. The First Refusal Agreement terminates on the Sunset. The First Refusal Agreement was amended on February 24, 1995 to clarify that the issuance of the Debentures and the underlying Common Stock are excluded from such right of first refusal.

SERIES A PREFERRED STOCK

Dividends. Holders of shares of Series A Preferred Stock are entitled to receive, when, as and if declared by the Board of the Company out of assets of the Company legally available therefor, cumulative cash dividends at the rate per annum of $6.25 per share of Series A Preferred Stock. Dividends on the Series A Preferred Stock are payable quarterly in arrears. Dividends on the Series A Preferred Stock are cumulative. Accumulations of dividends on shares of Series A Preferred Stock do not bear interest.

Except as provided in the next sentence, no dividend may be declared or paid on any Parity Stock (as defined below) unless full cumulative dividends have been paid on the Series A Preferred Stock for

all prior dividend periods. If accrued dividends on the Series A Preferred Stock for all prior dividend periods have not been paid in full, then any dividend declared on the Series A Preferred Stock for any dividend period and any dividend on any Parity Stock will be declared ratably in proportion to accrued and unpaid dividends on the Series A Preferred Stock and such Parity Stock.

The Company will not (i) declare, pay or set apart funds for the payment of any dividend or other distribution with respect to any Junior Stock (as defined below) or (ii) redeem, purchase or otherwise acquire for consideration any Junior Stock or Parity Stock through a sinking fund or otherwise (except by conversion into or exchange for shares of Junior Stock and other than a redemption or purchase or other acquisition of shares of Common Stock of the Company made for purposes of an employee incentive or benefit plan of the Company or any subsidiary), unless all accrued and unpaid dividends with respect to the Series A Preferred Stock and any Parity Stock at the time such dividends are payable have been paid or funds have been set apart for payment of such dividends.

For purposes of the description of the Series A Preferred Stock, (i) the term "dividend" does not include dividends payable solely in shares of Junior Stock on Junior Stock, or in options, warrants or rights to holders of Junior Stock to subscribe for or purchase any Junior Stock, (ii) the term "Parity Stock" means any class or series of preferred stock ranking on a parity with the Series A Preferred Stock as to payment of dividends and amounts payable upon liquidation, dissolution or winding up, including the Series B Preferred Stock, and (iii) the term "Junior Stock" means the Common Stock, the ESOP Preferred Stock, the Voting Preferred Stock, the Director Preferred Stock, any shares of Series C Preferred Stock issued pursuant to the Rights, and any other class or series of capital stock of the Company now or hereafter issued and outstanding that ranks junior as to the payment of dividends or amounts payable upon liquidation, dissolution or winding up to the Series A Preferred Stock.

Redemption. The Series A Preferred Stock is not redeemable prior to May 1, 1996. On and after such date, the Series A Preferred Stock is redeemable at the option of the Company, in whole or in part, initially at $104.375 per share and thereafter at prices declining ratably on each May 1 to $100.00 per share on and after May 1, 2003, plus, in each case, all accrued and unpaid dividends. Unless converted by the holders or redeemed by the Company, the Series A Preferred Stock will have perpetual maturity.

Liquidation Preference. The holders of shares of Series A Preferred Stock are entitled to receive, in the event of any liquidation, dissolution or winding up of the Company, $100 per share plus an amount per share equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders (for purposes of the description of the Series A Preferred Stock, the "Liquidation Preference"), and no more.

Until the holders of the Series A Preferred Stock have been paid the Liquidation Preference in full, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Company. If, upon any liquidation, dissolution or winding up of the Company, the assets of the Company, or proceeds thereof, distributable among the holders of the shares of Series A Preferred Stock are insufficient to pay in full the Liquidation Preference and the liquidation preference with respect to any other shares of Parity Stock, then such assets, or the proceeds thereof, will be distributed among the holders of shares of Series A Preferred Stock and any such Parity Stock ratably in accordance with the respective amounts which would be payable on such shares of Series A Preferred Stock and any such Parity Stock if all amounts payable thereon were paid in full. Neither a consolidation or merger of the Company with another corporation nor a sale or transfer of all or substantially all of the Company's assets will be considered a liquidation, dissolution or winding up, voluntary or involuntary, of the Company.

Voting Rights. Except as indicated below, or except as otherwise from time to time required by applicable law, the holders of shares of Series A Preferred Stock do not have any voting rights, and their consent is not required for taking any corporate action. When and if the holders of the Series A Preferred Stock are entitled to vote, each share will be entitled to one vote.

If the equivalent of six quarterly dividends payable on the Series A Preferred Stock or any other series of Serial Preferred Stock of the Company have not been declared and paid or set apart for payment, whether or not consecutive, the number of directors of the Company will be increased by two and the holders of all such series in respect of which such a default exists, voting as a class without regard to series, will be entitled to elect two additional directors at the next annual meeting and each subsequent meeting, until all cumulative dividends have been paid in full.

The affirmative vote or consent of the holders of 66 2/3% of the outstanding shares of the Series A Preferred Stock, voting separately as a class with all other affected series of Serial Preferred Stock that is also a Parity Stock, is required for any amendment of the Restated Certificate which alters or changes the powers, preferences, privileges or rights of the Series A Preferred Stock so as to materially adversely affect the holders thereof. The affirmative vote or consent of the holders of shares representing 66 2/3% of the outstanding shares of the Series A Preferred Stock and any other series of Parity Stock, voting as a single class without regard to series, is required to authorize the creation or issue of, or reclassify any authorized stock of the Company into, or issue or authorize any obligation or security convertible into or evidencing a right to purchase, any additional class or series of stock ranking senior to

all such series of Parity Stock.

Except as required by law, the holders of Series A Preferred Stock are not entitled to vote on any merger or consolidation involving the Company or a sale of all or substantially all of the assets of the Company.

Conversion Rights. Shares of Series A Preferred Stock are convertible in whole or in part, at any time at the option of the holders thereof, into a combination of cash in the amount of $54.19 and 0.3195 shares of Common Stock (equivalent to a conversion price of $143.38 per share of Common Stock) for each share of Series A Preferred Stock converted, subject to adjustment as set forth in the Restated Certificate. The right to convert shares of Series A Preferred Stock called for redemption will terminate at the close of business on the day preceding a redemption date.

SERIES B PREFERRED STOCK

General. The outstanding shares of Series B Preferred Stock have been deposited under a Deposit Agreement (the "Deposit Agreement") between the Company and First Chicago Trust Company of New York, as the Depositary (the "Depositary"). The Company has issued receipts for fractional interests ("Depositary Shares") in the shares of Series B Preferred Stock with each Depositary Share representing one one-thousandth of a share of Series B Preferred Stock. Subject to the terms of the Deposit Agreement, each owner of a Depositary Share is entitled, in proportion to the applicable interest in a share of the Series B Preferred Stock represented by such Depositary Share, to all of the rights and preferences of the interest in shares of Series B Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).

Ranking. The Series B Preferred Stock ranks on a parity with the Series A Preferred Stock and ranks senior to the Common Stock, the ESOP Preferred Stock, the Voting Preferred Stock, the Director Preferred Stock and any shares of Series C Preferred Stock issued pursuant to the Rights with respect to payment of dividends and amounts payable upon liquidation, dissolution or winding up.

While any shares of Series B Preferred Stock are outstanding, the Company may not authorize the creation or issue of any class or series of stock that ranks senior to the Series B Preferred Stock as to dividends or upon liquidation, dissolution or winding up without the consent of the holders of 66 2/3% of the outstanding shares of Series B Preferred Stock. The Company may create additional classes or series of preferred stock or authorize, or increase the authorized amount of, any shares of any class or series of preferred stock ranking on a parity with or junior to the Series B Preferred Stock without the consent of any holder of Series B Preferred Stock. See "--Voting Rights" below.

Dividends. Holders of shares of Series B Preferred Stock are entitled to receive, when, as and if declared by the Board out of assets of the Company legally available therefor, cumulative cash dividends at a rate of 12 1/4% of the $25,000 liquidation preference thereof (or $3,062.50 per share) per year.

Dividends on the Series B Preferred Stock are payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year (and, in the case of any accrued but unpaid dividends, at such additional times and for such interim periods, if any, as determined by the Board). Each such dividend will be payable to holders of record as they appear on the stock records of the Company at the close of business on such record dates, which will not be more than 60 days or less than 10 days preceding the payment dates corresponding thereto, as may be fixed by the Board or a duly authorized committee thereof. Dividends will accrue from the date of the original issuance of the Series B Preferred Stock (the "Series B Preferred Stock Issue Date"). Dividends will be cumulative from such date, whether or not in any dividend period or periods there are assets of the Company legally available for the payment of such dividends.

Each share of Series B Preferred Stock issued after the Series B Preferred Stock Issue Date (whether issued upon transfer of or in exchange for an outstanding share of Series B Preferred Stock or issued for any other reason) will be entitled to receive, when, as and if declared by the Board, dividends with respect to each dividend period, starting with the Series B Preferred Stock Issue Date, for which full dividends have not been paid prior to the date upon which such share of Series B Preferred Stock was issued. Any share of Series B Preferred Stock that is issued after the record date with respect to

any dividend payment and before such dividend is paid will not be entitled to receive the dividend paid to holders of Series B Preferred Stock as of such record date. Accumulations of dividends on shares of Series B Preferred Stock do not bear interest.

Except as provided in the next sentence, no dividend may be declared or paid on any Parity Stock (as defined below) unless full cumulative dividends have been paid on the Series B Preferred Stock for all prior dividend periods. If accrued dividends on the Series B Preferred Stock for all prior dividend periods have not been paid in full, then any dividend declared on the Series B Preferred Stock for any dividend period and on any Parity Stock will be declared ratably in proportion to accrued and unpaid dividends on the Series B Preferred Stock and such Parity Stock.

The Company will not (i) declare, pay or set apart funds for the payment of any dividend or other distribution with respect to any Junior Stock (as defined below) or (ii) redeem, purchase or otherwise acquire for consideration any Junior Stock or Parity Stock through a sinking fund or otherwise (except by conversion into or exchange for shares of Junior Stock and other than a redemption or purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Company or any subsidiary), unless all accrued and unpaid dividends with respect to the Series B Preferred Stock and any Parity Stock at the time such dividends or other distributions are payable or such redemption, purchase or acquisition is to occur have been paid or funds have been set apart for payment of such dividends.

For purposes of the description of the Series B Preferred Stock, (i) the term "dividend" does not include dividends payable solely in shares of Junior Stock on Junior Stock, or in options, warrants or rights to holders of Junior Stock to subscribe for or purchase any Junior Stock, (ii) the term "Parity Stock" means any other class or series of preferred stock ranking on a parity with the Series B Preferred Stock as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, including the Series A Preferred Stock, and (iii) the term "Junior Stock" means the Common Stock, the ESOP Preferred Stock, the Voting Preferred Stock, the Director Preferred Stock, any shares of Series C Preferred Stock issued pursuant to the Rights and any other class or series of capital stock of the Company now or hereafter issued and outstanding that ranks junior as to the payment of dividends or amounts payable upon liquidation, dissolution or winding up to the Series B Preferred Stock.

Redemption. The Series B Preferred Stock is not redeemable prior to July 12, 2004. On and after such date, the Series B Preferred Stock is redeemable at the option of the Company, in whole or in part, at the redemption price of $25,000 per share, plus, in each case, all dividends accrued and unpaid on the Series B Preferred Stock up to the date fixed for redemption.

Liquidation Preference. The holders of shares of Series B Preferred Stock are entitled to receive, in the event of any liquidation, dissolution or winding up of the Company, $25,000 per share plus an amount per share equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders (for purposes of the description of the Series B Preferred Stock, the "Liquidation Preference"), and no more.

Until the holders of the Series B Preferred Stock have been paid the Liquidation Preference in full, no payment may be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Company. If, upon any liquidation, dissolution or winding up of the Company, the assets of the Company, or proceeds thereof, distributable among the holders of the shares of Series B Preferred Stock are insufficient to pay in full the Liquidation Preference and the liquidation preference with respect to any other shares of Parity Stock, then such assets, or the proceeds thereof, will be distributed among the holders of shares of Series B Preferred Stock and any such Parity Stock ratably in accordance with the respective amounts that would be payable on such shares of Series B Preferred Stock and any such Parity Stock if all amounts payable thereon were paid in full. Neither a consolidation or merger of the Company with another corporation nor a sale, lease or transfer of all or substantially all of the Company's assets will be considered a liquidation, dissolution or winding up, voluntary or involuntary, of the Company.

Voting Rights. Except as indicated below, or except as otherwise from time to time required by applicable law, the holders of shares of Series B Preferred

Stock do not have any voting rights, and their consent is not required for taking any corporate action. When and if the holders of the Series B Preferred Stock are entitled to vote, each share will be entitled to 1,000 votes.

If the equivalent of six quarterly dividends payable on the Series B Preferred Stock have not been declared and paid or set apart for payment, whether or not consecutive, the number of directors of the Company will be increased by two and the holders of all Series B Preferred Stock and any other series of Serial Preferred Stock in respect of which such a default exists, voting as a class without regard to series, will be entitled to elect two additional directors at the next annual meeting and each subsequent meeting, until all cumulative dividends have been paid in full or set apart for payment.

The affirmative vote or consent of the holders of 66 2/3% of the outstanding shares of the Series B Preferred Stock is required for any amendment of the Restated Certificate that alters or changes the powers, preferences, privileges or rights of the Series B Preferred Stock so as to materially adversely affect the holders thereof. The affirmative vote or consent of the holders of shares representing 66 2/3% of the outstanding shares of the Series B Preferred Stock is required to authorize the creation or issue of, or reclassify any authorized stock of the Company into, or issue or authorize any obligation or security convertible into or evidencing a right to purchase, any additional class or series of stock ranking senior to the Series B Preferred Stock.

THE ESOP PREFERRED STOCK

In connection with the Recapitalization and employee investment transaction, the Company established three ESOPs: (i) the "Leveraged ESOP," which is a component of a tax-qualified employee stock ownership plan, (ii) the "Non-Leveraged Qualified ESOP," which is also a component of a tax-qualified employee stock ownership plan, and (iii) the "Supplemental ESOP," which is not a tax-qualified plan. The Leveraged ESOP and the Non-Leveraged Qualified ESOP are referred to as the "Qualified ESOP." To the extent reasonably possible, but without violating certain limitations imposed by the

Internal Revenue Code, shares will be delivered to employees through the Leveraged ESOP. To the extent that shares cannot be delivered through the Leveraged ESOP, they will be delivered through the Non-Leveraged Qualified ESOP, and to the extent they cannot be delivered through the Non-Leveraged Qualified ESOP, they will be delivered through the Supplemental ESOP.

Approximately 14,000,000 shares (subject to adjustment as described below) of Class 1 ESOP Preferred Stock will be issued in seven separate sales (the "ESOP Tranches") to the ESOP Trustee under the Leveraged ESOP. The first ESOP Tranche was sold to the trustee (the "ESOP Trustee") of the trust (the "Qualified Trust") established to hold shares sold to the Leveraged ESOP and the Non-Leveraged Qualified ESOP on July 13, 1994. The next five tranches will be sold to the ESOP Trustee in approximately August 1995, and on the four following anniversaries of such date. The final ESOP Tranche will be sold on the first business day of the year 2000. The shares to be purchased in each of the first six ESOP Tranches will generally equal the sum of (i) the shares of Class 1 ESOP Preferred Stock scheduled to be allocated to the accounts of participants in the Leveraged ESOP for the year in which such ESOP Tranche is sold, minus the dividends allocable to participants' accounts in such year from the shares purchased in earlier Tranches, plus (ii) the number of shares of Class 1 ESOP Preferred Stock equal in value to the aggregate dividends payable on the shares purchased with the ESOP Tranche after the end of the year in which the ESOP Tranche is purchased. The final ESOP Tranche will not include the shares described in (ii), above, however.

Because of certain limitations imposed by the Internal Revenue Code, the Qualified Trust will not purchase the shares representing the entire equity interest (initially 55%) represented by the ESOP Preferred Stock. Accordingly, based on certain elections made by ALPA, the Company will allocate "phantom" shares of Class 2 ESOP Preferred Stock (the "Book Entry Shares") under the Supplemental ESOP. The Class 2 ESOP Preferred Stock will be issued to the Qualified ESOP and credited to the Supplemental ESOP. Except as provided below, these Book-Entry Shares allocated to a participant will not in fact be issued by the Company. The number of shares of Class 2 ESOP Preferred Stock will be equal to 17,675,345, less the number of shares of Class 1 ESOP Preferred Stock sold to the Qualified ESOP. ALPA has the right to elect at any time that the Supplemental ESOP be maintained by the actual issuance of Class 2 ESOP

Preferred Stock to a non-qualified trust (the "Non-Qualified Trust") established under the Supplemental ESOP. Each year as a portion of the shares of Class 1 ESOP Preferred Stock are allocated to employees' accounts under the Leveraged ESOP, the same proportion of the Book-Entry Shares of Class 2 ESOP Preferred Stock will be allocated as described below. To the extent permissible under the Internal Revenue Code, the shares of Class 2 ESOP Preferred Stock will be issued by the Company and transferred to the Qualified Trust for allocation to employees' accounts under the Non-Leveraged Qualified ESOP. The shares that cannot be transferred to the Qualified Trust will be credited as Book-Entry Shares to the accounts of employees in the Supplemental ESOP (and if ALPA elects that the Non-Qualified Trust will hold Class 2 ESOP Preferred Stock, will be deposited therein). The Company will be liable for the benefits of employees under the Supplemental ESOP.

General. The ESOP Preferred Stock consists of two similar classes of Preferred Stock: the Class 1 ESOP Preferred Stock and the Class 2 ESOP Preferred Stock. Where the summaries do not make a distinction between the Class 1 ESOP Preferred Stock and the Class 2 ESOP Preferred Stock, such summaries refer to either class.

The shares of the ESOP Preferred Stock are convertible into shares of Common Stock as described below. If all the shares of ESOP Preferred Stock to be issued in connection with the employee investment transaction were to be converted into shares of Common Stock, such shares of Common Stock would constitute approximately 55% of the shares of Common Stock (including shares of Common Stock issuable upon exercise of the ESOP Preferred Stock) that would be outstanding at that time, on a fully diluted basis based on the treasury stock method. If the average market value of the

Common Stock exceeds $136 per share during the period of July 13, 1994 to July 12, 1995, a number of additional shares of ESOP Preferred Stock will be issued or reserved for issuance as Book-Entry Shares. With the issuance or reservation for issuance of such additional shares, the ownership interest of the ESOPs could be increased from approximately 55% to up to approximately 63% of the Company. Based on the average market value of Common Stock through February 23, 1995, the market value of the Common Stock would have to average at least $204 per share for the remainder of the measuring period in order to any adjustment to be made in the number of shares of ESOP Preferred Stock outstanding or reserved for issuance as Book-Entry Shares.

Ranking. The ESOP Preferred Stock ranks junior to the Series A Preferred Stock and the Series B Preferred Stock and ranks senior to the Common Stock, the Voting Preferred Stock, the Director Preferred Stock and any shares of Series C Preferred Stock issued pursuant to the Rights with respect to payment of dividends and amounts payable upon liquidation, dissolution or winding up. The Class 1 ESOP Preferred Stock ranks senior to the Class 2 ESOP Preferred Stock with respect to the payment of Fixed Dividends (as defined below) and the Class 1 ESOP Preferred Stock ranks on a parity with the Class 2 ESOP Preferred Stock as to the payment of Participating Dividends (as defined below) and as to amounts payable upon liquidation, dissolution or winding up.

Dividends. Holders of Class 1 ESOP Preferred Stock are entitled to receive, when, as and if declared by the Board out of assets of the Company legally available therefor, cumulative cash dividends at a rate per annum of a dollar amount per share of Class 1 ESOP Preferred Stock not to exceed, without the consent of the Unions, $8.8872 (the "Fixed Dividend"). The Fixed Dividends on the Class 1 ESOP Preferred Stock will cease to accrue on March 31, 2000. Under certain circumstances, any Fixed Dividends that remain accrued and unpaid on April 1, 2000 will not prevent the payment of dividends on any capital stock of the Company that ranks junior to the Class 1 ESOP Preferred Stock with respect to the payment of dividends, although such accrued and unpaid Fixed Dividends will remain a part of the Liquidation Preference (as defined below) payable in respect of the Class 1 ESOP Preferred Stock upon any liquidation, dissolution or winding up of the Company. In addition, if during any 12-month period ending on the annual dividend payment date, holders of the shares of Common Stock receive any cash dividends or cash distributions thereon, and the aggregate amount of such dividends and distributions that would have been received, during such period, by the holder of a share of Class 1 ESOP Preferred Stock had such share of Class 1 ESOP Preferred Stock been converted into shares of Common Stock, exceeds the amount of the Fixed Dividend paid on such share of Class 1 ESOP Preferred Stock, then the holders of the Class 1 ESOP Preferred

Stock will be entitled to receive an additional cash dividend in an amount equal to such excess (the "Participating Dividend"), although the aggregate amount of the Fixed Dividend and the Participating Dividend paid on any share of Class 1 ESOP Preferred Stock with respect to any annual dividend period may not exceed 12 1/2% of the fair market value of the shares of Common Stock into which such share of Class 1 ESOP Preferred Stock is convertible.

Holders of Class 2 ESOP Preferred Stock are not entitled to receive any Fixed Dividend. If during any 12-month period ending on the annual dividend payment date, holders of the Common Stock receive any cash dividends or cash distributions thereon, then the holders of the Class 2 ESOP Preferred Stock will be entitled to receive a cash dividend in an amount equal to the dividend they would have received had their shares of Class 2 ESOP Preferred Stock been converted into and were outstanding as Common Stock at all relevant times, although the aggregate amount of the dividend paid on any share of Class 2 ESOP Preferred Stock with respect to any annual dividend period may not exceed 12 1/2% of the fair market value of the shares of Common Stock into which it is convertible.

If the holders of the Common Stock receive cash dividends and cash distributions that exceed 12 1/2% of the fair market value of such shares, such excess will be applied to adjust the Conversion Rate (as defined below) on the ESOP Preferred Stock.

Except as described above, the Company will not (i) declare, pay or set apart funds for the payment of any dividend or other distribution with respect to any Junior Stock (as defined below) or (ii) redeem, purchase or otherwise acquire for consideration any Junior Stock or Parity Stock (as defined below) through a sinking fund or otherwise (except by conversion into or exchange for shares of Junior Stock and other than a redemption or purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Company or any subsidiary), unless all accrued and unpaid dividends with respect to the ESOP Preferred Stock and any Parity Stock at the time such dividends are payable have been paid or funds have been set apart for payment of such dividends.

For purposes of the description of the ESOP Preferred Stock, (i) the term "dividend" does not include dividends payable solely in shares of Junior Stock on Junior Stock, or in options, warrants or rights to holders of Junior Stock to subscribe for or purchase any Junior Stock, (ii) the term "Parity Stock" means any class or series of preferred stock ranking on a parity with the ESOP Preferred Stock as to payment of dividends (with respect to such dividends) or amounts payable upon liquidation, dissolution or winding up (with respect to such amounts) and (iii) the term "Junior Stock" means the Common Stock, the Voting Preferred Stock, the Director Preferred Stock, any shares of Series C Preferred Stock issued pursuant to the Rights and any other class or series of capital stock of the Company now or hereafter issued and outstanding that ranks junior as to the payment of dividends (with respect to such dividends) or amounts payable upon liquidation, dissolution or winding up (with respect to such amounts) to the ESOP Preferred Stock.

Conversion. The ESOP Preferred Stock is convertible, in whole or in part, at any time and from time to time, into shares of Common Stock initially at the rate (for purposes of the description of ESOP Preferred Stock, the "Conversion Rate") of one share of Common Stock for each share of ESOP Preferred Stock converted. In addition, the Conversion Rate on the ESOP Preferred Stock will be adjusted upon the occurrence of a variety of events, including, without limitation, a distribution of capital stock to holders of shares of Common Stock, a subdivision, recombination or reclassification of the Common Stock, the issuance to holders of Common Stock of rights to subscribe for equity securities at a price per share of Common Stock that is less than the fair market value of a share of Common Stock, the issuance of Common Stock or securities representing a right to acquire shares of Common Stock at a price per share that is less than the fair market value of a share of Common Stock, the payment of cash dividends and cash distributions to holders of Common Stock (measured from the later of (i) the date that shares of Class 2 ESOP Preferred Stock are first issued and (ii) the most recent dividend payment date for the Class 2 ESOP Preferred Stock, through the payment date for such cash dividend or cash distribution) that exceed in the aggregate 12 1/2% of the fair market value of the Common Stock on the record date for such cash dividend or cash distribution, the payment of any non-cash dividend or distribution to holders of Common Stock and certain Pro Rata Repurchases of Common Stock.

Redemption. The ESOP Preferred Stock is not redeemable.

Liquidation Preference. The holders of shares of ESOP Preferred Stock are entitled to receive, in the event of any liquidation, dissolution or winding up of the Company, $126.96 per share, plus an amount per share equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders, including, without limitation, Fixed Dividends in respect of the Class 1 ESOP Preferred Stock that are accrued and unpaid as of April 1, 2000 (but that will not prevent the payment of dividends on any capital stock of the Company that ranks junior to the Class 1 ESOP Preferred Stock with respect to the payment of dividends) (for purposes of the description of the ESOP Preferred Stock, the "Liquidation Preference"), and no more.

Until the holders of the ESOP Preferred Stock have been paid the Liquidation Preference in full, no payment may be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Company. If, upon any liquidation, dissolution or winding up of the Company, the assets of the

Company, or proceeds thereof, distributable among the holders of the shares of ESOP Preferred Stock are insufficient to pay in full the Liquidation Preference and the liquidation preference with respect to any other shares of Parity Stock, then such assets, or the proceeds thereof, will be distributed among the holders of shares of ESOP Preferred Stock and any such Parity Stock ratably in accordance with the respective amounts that would be payable on such shares of ESOP Preferred Stock and any such Parity Stock if all amounts payable thereon were paid in full. Neither a consolidation or merger of the Company with another corporation nor a sale, lease or transfer of all or substantially all of the Company's assets will be considered a liquidation, dissolution or winding up, voluntary or involuntary, of the Company.

Voting Rights. Except as indicated below, and except as otherwise from time to time required by applicable law, the holders of shares of ESOP Preferred Stock do not have any voting rights, and their consent is not required for taking any corporate action. When and if the holders of ESOP Preferred Stock are entitled to vote, each share will be entitled to one vote.

The affirmative vote or consent of at least a majority of the holders of the outstanding shares of the Class 1 ESOP Preferred Stock or the Class 2 ESOP Preferred Stock, as the case may be, voting separately as a class, is required for any amendment of the Restated Certificate which alters or changes the powers, preferences, privileges or rights of the Class 1 ESOP Preferred Stock or the Class 2 ESOP Preferred Stock, as the case may be, so as to materially adversely affect the holders thereof. The affirmative vote or consent of the holders of at least a majority of the outstanding shares of the Class 1 ESOP Preferred Stock or the Class 2 ESOP Preferred Stock, as the case may be, voting separately as a class, is required to authorize the creation or issue of, or reclassify any authorized stock of the Company into, or issue or authorize any obligation or security convertible into or evidencing a right to purchase, any additional class or series of stock ranking senior to such stock.

Consolidation, Merger, etc. Upon the occurrence of certain mergers and other similar transactions, the holders of the ESOP Preferred Stock are entitled to receive, depending on the circumstances, either (i) a preferred stock having the same powers, preference and relative, participating, optional or other special rights as the class of ESOP Preferred Stock they held prior to such merger or other transaction or (ii) the consideration receivable by the holders of the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted immediately prior to such merger or other transaction.

THE VOTING PREFERRED STOCK

General. The Voting Preferred Stock consists of three similar classes of Preferred Stock of the Company: the Class P ESOP Voting Preferred Stock, which will be allocated to ESOP accounts of employees represented by ALPA, the Class M ESOP Voting Preferred Stock, which will be allocated to ESOP accounts of employees represented by the IAM, and the Class S ESOP Voting Junior Preferred Stock, which will be allocated to Salaried and Management Employees' accounts. Where the following summaries do not make a distinction among the Class M ESOP Voting Preferred Stock, the Class P ESOP Voting Preferred Stock and the Class S

ESOP Voting Preferred Stock, such summaries refer to any such class.

One share of Class P ESOP Voting Preferred Stock, one share of Class M ESOP Voting Preferred Stock and one share of Class S ESOP Voting Preferred Stock have been issued to the ESOP Trustee.

Voting Rights. The Voting Preferred Stock votes with the holders of the Common Stock and the Director Preferred Stock as a single class on all matters (except as to such matters as to which a separate class vote may be required by the DGCL), except that until the Sunset, holders of the Voting Preferred Stock are not entitled to vote to elect members of the Board. Until the Sunset, the Voting Preferred Stock represents the right to cast in the aggregate approximately 55% of the votes of all

classes of capital stock that vote together with the Common Stock as a single class (other than for the election of members to the Board), subject to reduction for the number of shares of Common Stock that have been issued upon conversion of shares of the ESOP Preferred Stock that continue to be held by the ESOP. If the average market value of the Common Stock exceeds $136 per share during the period of July 13, 1994 to July 12, 1995, the number of votes represented by the Voting Preferred Stock will be increased above approximately 55% of the votes represented by the shares of Common Stock (including shares of Common Stock issuable upon conversion of the ESOP Preferred Stock that would be outstanding or reserved for issuance as Book-Entry Shares or remaining to be transferred to the ESOPs) to up to a maximum of approximately 63%. Based on the average market value of Common Stock through February 23, 1995, the market value of the Common Stock would have to average at least $204 per share for the remainder of the measuring period in order for any adjustment to be made in the ESOP voting percentage.

The voting power of the Voting Preferred Stock is held such that the Class P ESOP Voting Preferred Stock is entitled to cast approximately 46.23% of the votes represented by the Voting Preferred Stock, the Class M ESOP Voting Preferred Stock is entitled to cast approximately 37.13% of the votes represented by the Voting Preferred Stock and the Class S ESOP Voting Preferred Stock is entitled to cast approximately 16.64% of the votes represented by the Voting Preferred Stock. Such percentages are referred to as the "Agreed Percentages."

After the Sunset, each class of Voting Preferred Stock will represent the right to cast in the aggregate the number of votes that is equal to the relevant Agreed Percentage of the number of shares of Common Stock into which the ESOP Preferred Stock can be converted plus the number of Book-Entry Shares remaining to be issued plus the number of shares of ESOP Preferred Stock, if any, remaining to be transferred to the ESOP.

Other. The Voting Preferred Stock is not entitled to receive any dividends. The Voting Preferred Stock is convertible into shares of Common Stock at the rate of one ten-thousandth of a share of Common Stock for each share of Voting Preferred Stock converted. All the Voting Preferred Stock will be converted into shares of Common Stock automatically upon the occurrence of an Uninstructed Trustee Action (as defined below) or at such time when none of the ESOP Preferred Stock remains outstanding. The Voting Preferred Stock has a liquidation preference of $0.01 per share.

Upon the occurrence of certain mergers and other similar transactions, the holders of the Voting Preferred Stock are entitled to receive a preferred stock having the same powers, preference and relative, participating, optional or other special rights as the class of Voting Preferred Stock they held prior to such merger or other transaction except that such preferred stock will not control 55% of the vote of the surviving entity.

THE DIRECTOR PREFERRED STOCK

General

The Director Preferred Stock consists of four classes of Preferred Stock: the Class I Preferred Stock, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock. Where the summaries do not make a distinction among the several classes of Director Preferred Stock, such summaries refer to any of them.

Each of the classes of Director Preferred Stock has the power to elect one or more members of the Board. Except for the election of the Public Directors on which the holders of the Director Preferred Stock cannot vote, and except as otherwise from time to time required by applicable law, the holders of the shares of Director Preferred Stock vote together as a class with the holders of the Common Stock. None of the classes of Director Preferred Stock bear dividends. Each class of Director Preferred Stock has a liquidation preference of $0.01 per share.

Each of the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock provides that upon the consolidation, merger or similar transaction involving the Company or United, pursuant to which the outstanding shares of Common Stock are to be exchanged for or converted into securities of a successor or resulting company or cash or other property, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock, respectively, will be converted into, or exchanged for, preferred stock of such successor or resulting company having, in respect of such company, the same powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, that the original Class Pilot MEC Preferred Stock, Class IAM Preferred Stock and Class SAM Preferred Stock had, respectively.

Class I Preferred Stock

The Class I Preferred Stock has been issued to the Independent Directors. The Restated Certificate authorizes the issuance of ten shares of Class I Preferred Stock, although the Company expects that no more than four shares will be outstanding at any time.

The initial holders of the Class I Preferred Stock have entered into a Stockholders' Agreement among themselves, ALPA, the IAM and the Company (the "Class I Preferred Stockholders' Agreement"), pursuant to which the holders agree to vote their shares to elect the Independent Directors nominated pursuant to the provisions described above and to refrain from transferring the shares of Class I Preferred Stock other than to a person who has been elected to serve as one of the Independent Directors and who agrees to be subject to the provisions of the Class I Preferred Stockholders' Agreement. The Restated Certificate and the Class I Preferred Stockholders' Agreement provide that the Company, subject to legally available funds, will redeem or purchase the shares of Class I Preferred Stock held by any holder thereof who votes contrary to the Class I Preferred Stockholder's Agreement or who purports to transfer the share of Class I Preferred Stock to any person other than an Independent Director. Any share of Class I Preferred Stock redeemed or purchased as provided in the immediately prior sentence may be reissued as provided in the Restated Certificate or the Class I Preferred Stockholders' Agreement. All shares of the Class I Preferred Stock will be redeemed automatically upon the occurrence of the Sunset, and following such redemption, none of the shares of Class I Preferred Stock may be reissued thereafter.

Class Pilot MEC Preferred Stock and Class IAM Preferred Stock

The Restated Certificate authorizes the issuance of one share of each of the Class Pilot MEC Preferred Stock and the Class IAM Preferred Stock. The share of the Class Pilot MEC Preferred Stock has been issued to the ALPA MEC and the share of Class IAM Preferred Stock has been issued to the IAM. Each of the Class Pilot MEC Preferred Stock and the Class IAM Preferred Stock has the right to elect one Employee Director, and the shares of such stock will be redeemed automatically upon the purported transfer thereof to any person other than the holder thereof authorized under the Restated Certificate. The Class Pilot MEC Preferred Stock will be redeemed automatically upon the later of the Sunset or the occurrence of the ALPA Termination Date. The Class IAM Preferred Stock will be redeemed automatically upon the later of the Sunset or the occurrence of the IAM Termination Date.

Class SAM Preferred Stock

The Restated Certificate authorizes the issuance of ten shares of Class SAM Preferred Stock, although the Company expects that no more than three shares will be outstanding at any time. Two shares of Class SAM Preferred Stock are held by the Salaried and Management Director and one share is held by the SAM Designated Shareholder.

The initial holders of the Class SAM Preferred Stock have entered into a Stockholders' Agreement among themselves and the Company (the "Class SAM Preferred Stockholders' Agreement"), pursuant to which the holders agree to vote their shares to elect the Salaried and Management Director nominated by the System Roundtable, and to refrain from transferring the shares of Class SAM Preferred Stock other than to a person who has been elected to serve as the Salaried and Management Director or another person designated by the System Roundtable to be the Designated Holder, each of whom must agree to be subject to the provisions of the Class SAM Preferred Stockholders' Agreement. The Class SAM Preferred Stockholders' Agreement provides that in most instances the Designated Holder will be the senior executive of United who has primary responsibility for human resources. The Restated Certificate and the Class SAM Preferred Stockholders' Agreement provide that the Company, subject to legally available funds, will redeem or purchase the shares of Class SAM Preferred Stock of any holder who votes contrary to the instructions given by the System Roundtable or who purports to transfer the share or shares of Class SAM Preferred Stock to any person other than the Salaried and Management Director or another person designated by the System Roundtable. The Restated Certificate provides that no holder of shares of Class SAM Preferred Stock will have the right to vote unless at such time such person is the Salaried and Management Director or the Designated Holder. Any share of Class SAM Preferred Stock that is redeemed or purchased as provided in the immediately prior sentence may be reissued as provided in the Restated Certificate and the Class SAM Preferred Stockholders' Agreement. All shares of the Class SAM Preferred Stock will be redeemed automatically on or after the Sunset upon the earlier to occur of the ALPA Termination Date and the IAM Termination Date, and following such redemption, none of the shares of Class SAM Preferred Stock may be reissued.

Uninstructed Trustee Actions

Under certain circumstances prior to the Sunset, described below, (i) the Voting Preferred Stock will cease to vote and (ii) the right to cast the votes that the holder of the Voting Preferred Stock would otherwise have been entitled to cast will be transferred generally in the following percentages: 46.23% to the holder of the Class Pilot MEC Preferred Stock, 37.13% to the holder of the Class IAM Preferred Stock and 16.64% to the holders of the Class SAM Preferred Stock.

In connection with (i) a stockholder vote on a transaction involving a merger of the Company or United or a change of control of the Company or United, or (ii) if the trustee under either ESOP enters into a binding commitment with respect to any such transaction, or (iii) if the trustee disposes of 10% or more of the common equity initially represented by the ESOP Preferred Stock, (x) if the trustee either (1) fails to solicit timely instructions from the Plan participants or the Committees or (2) fails to act in accordance with the instructions received, (y) if the merger or change of control transaction would have been approved or if the trustee disposes of 10% or more of the common equity initially represented by the ESOP Preferred Stock and (z)(I) the trustee solicited instructions, failed to follow them and such transaction would not have been approved if the trustee had followed the instructions, (II) the trustee failed to follow instructions and the transaction would not have been approved had the trustee cast all the votes represented by securities in the Plan against the transaction or (III) the trustee failed to follow instructions or to solicit instructions with respect to a matter upon which no vote is required (the occurrence of the conditions set forth in clauses (x), (y) and (z) being referred to as an "Uninstructed Trustee Action"), the voting rights of the Voting Preferred Stock will be transferred from the Voting Preferred Stock to the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock in the proportions referred to above. In addition, if the trustee fails to solicit instructions or disregards instructions received in respect of a vote on a transaction which, if consummated, would constitute an Uninstructed Trustee Action, then the voting power of the Voting Preferred Stock will shift to the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock and the transaction must be approved by the vote of the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock voting together as a class with the Common Stock, in addition to any other vote required by the Restated Certificate, stock exchange requirements or applicable law.

In addition, if the Sunset occurs directly or indirectly as a result of an Uninstructed Trustee Action (or for any reason within one year after an Uninstructed Trustee Action), the voting power to which the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock succeed as a result of an Uninstructed Trustee Action will survive until July 12, 2010.

SERIES C PREFERRED STOCK

General. The Company has designated 1,250,000 shares of a series of Serial Preferred Stock as Series C Preferred Stock and such shares are reserved for issuance upon exercise of the Rights associated with each share of Common Stock. See "--Preferred Share Purchase Rights" below. As of the date of this Prospectus, there are no shares of Series C Preferred Stock outstanding.

Ranking. The Series C Preferred Stock ranks junior to all other series of preferred stock as to dividends and amounts payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Company unless the terms of any such other series shall provide otherwise.

Dividends. Holders of shares of Series C Preferred Stock will be entitled to receive, when, as and if declared by the Board out of funds legally available therefor, cumulative cash dividends payable quarterly on the fifteenth day of January, April, July and October in each year (each such date being a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series C Preferred Stock, in an amount per share equal to the greater of (a) $10.00 or (b) subject to certain provisions for adjustment set forth in the Restated Certificate, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of common stock or a subdivision of the outstanding shares of common stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series C Preferred Stock.

The Company must declare a dividend or distribution on the Series C Preferred Stock immediately after it declares a dividend or distribution on common stock (other than a dividend payable in shares of common stock), provided that in the event no dividend or distribution has been declared on common stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $10.00 per share on the Series C Preferred Stock will nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

The Restated Certificate sets forth certain restrictions imposed upon the Company whenever quarterly dividends or other distributions payable on Series C Preferred Stock are in arrears, including, but not limited to, restrictions on the Company's ability to declare or pay dividends on, make any other distributions on, redeem or purchase or otherwise acquire for consideration shares ranking junior to or on a parity with the Series C Preferred Stock either as to dividends or amounts payable upon liquidation, dissolution or winding up of the Company.

Redemption. When issued and outstanding, the shares of Series C Preferred Stock will not be redeemable.

Liquidation Preference. Subject to (a) the rights of holders of preferred stock of the Company ranking senior to Series C Preferred Stock as to dividends and amounts payable upon any voluntary or involuntary liquidation, dissolution or winding up and (b) any other provision of the Restated Certificate, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or amounts payable upon any voluntary or involuntary liquidation, dissolution or winding up) to the Series C Preferred Stock unless, prior thereto, the holders of shares of Series C Preferred Stock will have

received $100.00 per share, plus accrued and unpaid dividends to the date of such payment, provided that the holders of shares of Series C Preferred Stock will be entitled to receive an aggregate amount per share, subject to certain

provisions for adjustment set forth in the Restated Certificate, equal to 100 times the aggregate amount to be distributed per share to holders of common stock, or (2) to the holders of stock ranking on a parity (either as to dividends or amounts payable upon any voluntary or involuntary liquidation, dissolution or winding up) with the Series C Preferred Stock, except distributions made ratably on Series C Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such voluntary or involuntary liquidation, dissolution or winding up.

Voting Rights. Except as indicated below or as expressly required by applicable law, the holders of Series C Preferred Stock will not have voting rights.

Subject to certain provisions for adjustment set forth in the Restated Certificate, each share of Series C Preferred Stock will entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Company. Except as indicated below or expressly required by applicable law, the holders of Series C Preferred Stock and the holders of shares of Common Stock will vote together as one class on all matters submitted to a vote of stockholders of the Company.

If the equivalent of six quarterly dividends payable on the Series C Preferred Stock or any other series of Serial Preferred Stock of the Company have not been declared and paid or set aside for payment, whether or not consecutive, the number of directors of the Company will be increased by two and the holders of all such series in respect of which such a default exists, voting as a class without regard to series, will be entitled to elect two additional directors at the next annual meeting and each subsequent meeting, until all cumulative dividends have been paid in full or until noncumulative dividends have been paid regularly for at least a year.

Consolidation, Merger, Etc. In the event of any consolidation, merger, combination or other transaction in which shares of common stock are exchanged for or changed into other stock, securities, cash or other property, each share of Series C Preferred Stock shall be similarly exchanged or changed in an amount per share equal to 100 times the aggregate amount of stock, securities, cash or other property, as the case may be, for or into which each share of common stock is exchanged or changed.

PREFERRED SHARE PURCHASE RIGHTS

A right (a "Right") is associated with, and trades with, each share of Common Stock outstanding. As long as the Rights are associated with the shares of Common Stock, each newly issued share of Common Stock issued by the Company, including shares of Common Stock into which the ESOP Preferred Stock and the Series A Preferred Stock are convertible, will include one Right. The Rights Agreement provides that a Right will be associated with each share of ESOP Preferred Stock outstanding and each Authorized Unissued ESOP Share. Each Right will entitle its holder to purchase one one-hundredth of a share of Series C Preferred Stock for $185 (subject to adjustment). Subject to amendment, the Rights are not exercisable until 10 business days after any person or group announces its beneficial ownership of 15% or more of the Common Stock. The Rights Agreement provides that the transactions associated with the Recapitalization will not cause the Rights to become exercisable as a result thereof.

If any person or group acquires 15% or more of the Common Stock outstanding (other than the ESOP Trustee, ALPA, the IAM and the beneficial owners of Common Stock eligible to report and reporting on Schedule 13G under the Exchange Act), each Right holder (except the acquiring party) has the right to receive, upon exercise, shares of Common Stock (or, under certain circumstances, cash, property or other Company securities) having a market value of three times the exercise price of the Right. If, after the Rights become exercisable, the Company is involved in a merger where it does

not survive or survives with a change or exchange of its Common Stock or the Company sells or transfers more than 50% of its assets or earning power, each Right will be exercisable for common stock of the other party to such transaction having a market value of three times the exercise price of the Right. The Company has the right to redeem the Rights for $.05 per Right prior to the time that they become exercisable. The Rights will expire on December

31, 1996.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Board, except pursuant to an offer conditioned on a substantial number of Rights being acquired. The Rights should not interfere with any merger or other business combination approved by the Board since the Rights may be redeemed or their terms amended by the Company as described above.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the material United States federal income tax considerations relevant to an exchange of Series A Preferred Stock for Debentures and the ownership, disposition and conversion of Debentures by persons acquiring Debentures pursuant to the Exchange Offer. To the extent it relates to matters of law or legal conclusions, this summary constitutes the opinion of Mayer, Brown & Platt, special counsel to the Company. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (including Proposed Regulations and Temporary Regulations) promulgated thereunder, Internal Revenue Service ("IRS") rulings, official pronouncements and judicial decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or different interpretations. This summary is applicable only to holders who are United States persons for federal income tax purposes and who hold Series A Preferred Stock as a capital asset and who will hold Debentures and any Common Stock received on conversion of Debentures as capital assets. For a discussion of certain material United States federal income and estate tax considerations that may be relevant to non-United States persons, see "Certain Federal Tax Considerations for Non-United States Persons."

This summary does not discuss all the tax consequences that may be relevant to a particular holder in light of the holder's particular circumstances and it is not intended to be applicable in all respects to all categories of investors, some of whom--such as insurance companies, tax-exempt persons, financial institutions, regulated investment companies, dealers in securities or currencies, persons that hold Series A Preferred Stock or the Debentures received in the exchange as a position in a "straddle," as part of a "synthetic security," "hedge," "conversion transaction" or other integrated investment or persons whose functional currency is other than United States dollars--may be subject to different rules not discussed below. In addition, this summary does not address any state, local or foreign tax considerations that may be relevant to a holder's decision to exchange Series A Preferred Stock for Debentures pursuant to the Exchange Offer.

ALL SERIES A PREFERRED STOCK HOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE EXCHANGE OF SERIES A PREFERRED STOCK FOR DEBENTURES AND OF THE OWNERSHIP, CONVERSION AND DISPOSITION OF DEBENTURES RECEIVED IN THE EXCHANGE OFFER IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

EXCHANGE OF SERIES A PREFERRED STOCK FOR DEBENTURES

The exchange of Series A Preferred Stock for Debentures pursuant to the Exchange Offer will be a taxable event. If, with respect to a particular holder, such exchange satisfies one of the tests of section 302 of the Code described below, it will be treated as a transaction in which capital gain or loss is recognized, rather than as a dividend. The tests under section 302 of the Code are applied on a

stockholder-by-stockholder basis; therefore, whether an exchange will be treated as a transaction in which capital gain or loss is recognized or as a dividend with respect to a particular holder will depend on that holder's particular facts and circumstances. If the exchange of Series A Preferred Stock for Debentures is treated as a transaction in which capital gain or loss is recognized with respect to a particular holder, the capital gain or loss will be based on the difference between the fair market value of the Debentures received in the exchange and such holder's adjusted tax basis in the Series A Preferred Stock surrendered therefor. Such capital gain or loss will be long-term capital gain or loss if the Series A Preferred Stock surrendered in the exchange was held by such holder for more than one year. The exchanging holder's tax basis in the Debentures received in the exchange will equal the

fair market value of such Debentures at the time of the exchange and the holding period for such Debentures will begin on the day after the day on which the Debentures are acquired by such holder.

Pursuant to section 302 of the Code, an exchange will be treated as a transaction in which gain or loss is recognized if, after giving effect to the constructive ownership rules of section 318 of the Code, the exchange (i) represents a "complete termination" of the exchanging holder's stock interest in the Company, (ii) is "substantially disproportionate" with respect to the exchanging holder or (iii) is "not essentially equivalent to a dividend" with respect to the exchanging holder, all within the meaning of section 302(b) of the Code. Under the constructive ownership rules of section 318 of the Code, a holder of a Debenture will be treated as owning the Common Stock into which such Debenture is convertible. Accordingly, an exchange pursuant to the Exchange Offer could not, standing alone, satisfy the "complete termination" or the "substantially disproportionate" tests. An exchange will be "not essentially equivalent to a dividend" as to a particular holder if it results in a "meaningful reduction" in such holder's interest in the Company (after application of the constructive ownership rules of section 318 of the Code). In general, there are no fixed rules for determining whether a "meaningful reduction" has occurred. However, based upon published rulings of the Internal Revenue Service, the exchange will be treated as a transaction in which gain or loss is recognized if the holder's stock ownership (treating the Debentures as converted) is minimal, the holder exercises no control over the affairs of the Company, and the holder's percentage equity interest in the Company is reduced in the redemption to any extent. Because the conversion price of a Debenture is higher than that of the equivalent amount of Series A Preferred Stock to be surrendered therefor, an exchange of Series A Preferred Stock for Debentures would, standing alone, result in some reduction in an exchanging holder's constructive stock interest in the Company. No assurance can be given that these tests will be satisfied. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR AS TO ITS ABILITY TO SATISFY ANY OF THE FOREGOING TESTS, POSSIBLY BY DISPOSING OF A PORTION OF ITS STOCK INTEREST IN THE COMPANY CONTEMPORANEOUSLY, AND AS PART OF AN INTEGRATED PLAN, WITH THE EXCHANGE OF SERIES A PREFERRED STOCK FOR DEBENTURES, IN LIGHT OF ITS OWN PARTICULAR CIRCUMSTANCES.

If an exchange is treated as a dividend with respect to a particular exchanging holder under section 302 of the Code, such holder (i) will not recognize any loss on the exchange and (ii) will recognize dividend income (rather than capital gain) in an amount equal to the fair market value of the Debentures (and any cash in lieu of fractional Debentures) received (without regard to such holder's basis in the Series A Preferred Stock surrendered in the exchange), to the extent of its proportionate share of the Company's current or accumulated earnings and profits. If the fair market value of the Debentures (and any cash in lieu of fractional Debentures) received exceeds the holder's proportionate share of the Company's current and accumulated earnings and profits, the excess will be treated as a nontaxable recovery of the holder's basis in any remaining Series A Preferred Stock held by such holder or, if such holder does not retain any Series A Preferred Stock, to any Common Stock held by such holder, with any remaining excess treated as gain from the sale or exchange of such stock. Such holder's tax basis in the Debentures generally will equal the fair market value of such Debentures at the time of the exchange (without regard to such holder's basis in the Series A Preferred Stock surrendered in the exchange). The holder's adjusted tax basis in its Series A Preferred Stock surrendered in the exchange

will be transferred to any remaining Series A Preferred Stock held by such holder or, if such holder does not retain any Series A Preferred Stock, to any Common Stock held by such holder. If the holder does not retain any stock ownership in the Company, it is unclear whether the holder will be permitted to add such basis to any Debentures received in the exchange or will lose such basis entirely. To the extent the distribution is taxable as a dividend to a corporate stockholder, (i) it will be eligible for a dividend received deduction (subject to the minimum holding period requirements under section 246(c) of the Code and other applicable limitations) and (ii) it may be subject to the "extraordinary dividend" provisions of the Code which, if applicable, would require a corporate shareholder to reduce its tax basis (and possibly recognize gain) in any stock of the Company held by it by the nontaxed portion of any such dividend. The holding period for the Debentures will begin on the day after the day on which the Debentures are acquired by the exchanging holder.

INTEREST AND ORIGINAL ISSUE DISCOUNT ON DEBENTURES

In accordance with sections 1271 through 1275 of the Code and the final Treasury Regulations promulgated thereunder (the "OID Regulations"), a debt instrument bears original issue discount ("OID") if its "stated redemption price at maturity" exceeds its "issue price" by more than a de minimis amount. The issue price of the Debentures will be their fair market value at the time of the exchange. The stated redemption price at maturity of a debt instrument generally includes all amounts payable other than "qualified stated interest" (i.e., payments that are unconditionally required to be paid at least annually at a single fixed rate over the term of the instrument). Because the Company has the right to elect to extend the interest payment period to a period of up to 20 consecutive quarterly periods, none of the payments of stated interest on the Debentures will be qualified stated interest. Thus, the Debentures will have OID in an amount equal to the excess of all payments required to be made under the Debentures over their issue price. A holder will be required to include OID in income, based on a constant yield method, before the receipt of cash attributable to such income, regardless of such holder's regular method of accounting. As a result, during any period in which the Company has elected to extend the interest payment period a holder generally would be required to include OID in income but would not receive cash from the Company sufficient to pay tax thereon. A holder will not recognize any income upon the receipt of a payment of stated interest on a Debenture; instead, a holder's basis in the Debentures will be increased by the amount of OID includible in income and reduced by all payments made on the Debentures.

The amount of OID includible in income is the sum of the daily portions of OID with respect to such Debenture for each day during the taxable year on which such holder held such Debenture. The daily portion of OID on a Debenture is determined by allocating to each day in any "accrual period" a ratable portion of the OID allocable to such accrual period. The term "accrual period" means a period of any length selected by the holder, provided that each accrual period must be no longer than one year and each scheduled payment date of principal or interest on a Debenture must occur either on the final day of an accrual period or the first day of an accrual period. The amount of OID allocable to an accrual period is the product of the "adjusted issue price" at the beginning of the accrual period and the "yield to maturity" of the Debenture. For the first accrual period, the adjusted issue price of the Debentures will be their issue price. Thereafter, the adjusted issue price of a Debenture generally will be its issue price increased by any OID previously includible in the gross income of the holder and decreased by any payment previously made on the Debenture.

Under the OID Regulations, in computing the yield to maturity of an instrument the issuer is deemed to elect to exercise any option available to it under the instrument if doing so will minimize the yield on the instrument. If the issuer does not exercise such option, then, solely for purposes of the accrual of OID, the yield and maturity of the instrument are redetermined by treating the instrument as reissued for an amount equal to its adjusted issue price. Thus, for example, in the case of the first accrual period with respect to the Debentures, the OID Regulations require that the yield to maturity of the Debentures

be computed assuming that the Company would elect to extend the interest payment period to the maximum 20 consecutive quarters (because doing so would minimize the yield on the Debentures). Assuming quarterly accrual periods, the aggregate amount of OID for the first quarterly accrual period would equal the product of the issue price and the yield to maturity (as so determined). If, contrary to this assumption under the OID Regulations, the Company does not elect to extend the interest payment period and pays the stated interest at the end of the first quarterly interest payment period, the instrument will be treated, solely for OID purposes, as having been reissued on such payment date. The yield to maturity would then be recomputed, again assuming that the Company would elect to extend the interest payment period to the maximum 20 consecutive quarters (again, because doing so would minimize the yield on the Debentures). The amount of OID for this second accrual period would equal the product of such recomputed yield to maturity and the adjusted issue price on the date of such deemed reissuance (i.e., the issue price plus the amount of previously accrued OID minus the interest previously paid on the Debentures). In the case of the final accrual period, the allocable OID is the difference between the amount payable at maturity and the adjusted issue price at the beginning of the accrual period.

If an exchange of Series A Preferred Stock for Debentures is treated as a dividend to the exchanging holder (see "--Exchange of Series A Preferred Stock for Debentures," above), and the exchanging holder's basis in the Series A Preferred Stock surrendered in the exchange is transferred to the Debentures, such holder may have acquisition premium with respect to the Debentures, which would reduce the amount includible in such holder's income as OID in each taxable year.

SALE OR REDEMPTION OF DEBENTURES

Generally, a sale or redemption of Debentures will result in taxable gain or loss equal to the difference between the amount realized and the holder's tax basis in the Debentures. Such gain or loss would be long-term capital gain or loss if the Debentures were held for more than one year.

CONVERSION OF DEBENTURES

The conversion of Debentures into Common Stock and cash will likely be treated as a recapitalization within the meaning of Section 368(a)(1)(E) of the Code. If the conversion so qualifies, a holder of Debentures will recognize gain on the conversion of Debentures into Common Stock and cash equal to the lesser of (1) the excess of (a) the sum of (i) the fair market value of the Common Stock received at the time of conversion and (ii) the cash received over (b) the holder's tax basis in the Debentures and (2) the cash received. Such recognized gain will likely be treated as capital gain. The tax basis for the Common Stock received upon such conversion will be equal to the tax basis of the Debentures converted (reduced by the portion of such basis allocable to any fractional Common Stock interest paid in cash) decreased by the cash received in the conversion and increased by the amount of gain recognized on the exchange by the holder. A holder generally will recognize gain (or loss) upon a conversion to the extent that any cash paid in lieu of a fractional share of Common Stock exceeds (or is less than) its tax basis in such fractional share.

If the conversion is not treated as a recapitalization, the holder of Debentures may be able to contend that the conversion should be treated as a redemption of a portion of Debentures for cash and an exchange of the remaining Debentures for Common Stock. The holder would generally recognize gain or loss on the redemption of the Debentures equal to the difference between the cash received and such holder's tax basis in the Debentures that are treated as redeemed in the exchange for cash. The holder would not recognize any gain or loss on the exchange of the remaining Debentures for Common Stock and would have a tax basis in the Common Stock received equal to the tax basis of the Debentures treated as exchanged for Common Stock.

The holding period for the Common Stock generally will include the holding period of the Debentures converted. However, the holding period for the Common Stock allocable to original issue discount accrued during the holder's holding period for the Debentures converted may be treated as commencing on the day after the date of the conversion.

SALE OR DISPOSITION OF COMMON STOCK

A holder will recognize gain or loss on the sale or exchange of Common Stock received upon conversion of a Debenture equal to the difference between the amount realized on such sale or exchange and the holder's adjusted tax basis in the Common Stock sold or exchanged. Such gain or loss would be long-term capital gain or loss if the holder's holding period for the Common Stock were more than one year. See "--Conversion of Debentures."

ADJUSTMENT OF CONVERSION PRICE

Pursuant to Treasury Regulations promulgated under section 305 of the Code, a holder of a Debenture will be treated as having received a constructive distribution from the Company upon an adjustment in the conversion price of the Debentures if (i) as a result of such adjustment, the proportionate interest of such holder in the assets or earnings and profits of the Company were increased and (ii) the adjustment was not made pursuant to a bona fide, reasonable anti-dilution formula. An adjustment in the conversion price would not be considered made pursuant to such a formula if the adjustment was made to compensate for certain taxable distributions with respect to the stock into which the Debentures are convertible. Thus, under certain circumstances, a decrease in

the conversion price for the Debentures may be taxable to a holder as a dividend to the extent of the current or accumulated earnings and profits of the Company. In addition, the failure to adjust fully the conversion price of the Debentures to reflect distributions of stock dividends with respect to the Common Stock (or rights to acquire Common Stock) may result in a taxable dividend to the holders of the Common Stock and holders of rights to acquire Common Stock.

BACKUP WITHHOLDING

A holder of Series A Preferred Stock, a Debenture or Common Stock issued upon conversion of a Debenture may be subject to backup withholding at a rate of 31% with respect to dividends or interest (including OID) on, or the proceeds of a sale, exchange, or redemption of, such Series A Preferred Stock, Debenture or Common Stock, as the case may be, unless (i) such holder is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable backup withholding rules.

CERTAIN FEDERAL TAX CONSIDERATIONS FOR NON-UNITED STATES PERSONS

The following is a general summary of the material United States federal income and estate tax considerations relevant to the exchange of Series A Preferred Stock for Debentures by non-United States persons and the ownership, disposition and conversion of Debentures by non-United States persons acquiring Debentures pursuant to the Exchange Offer. To the extent it relates to matters of law or legal conclusions this summary constitutes the opinion of Mayer, Brown & Platt, special counsel to the Company. This summary is based on the Code, Treasury Regulations (including Proposed Regulations and Temporary Regulations) promulgated thereunder, IRS rulings, official pronouncements and judicial decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or different interpretations. This summary does not discuss all the tax

consequences that may be relevant to a particular holder that is a non-United States person in light of the holder's particular circumstances and it is not intended to be applicable in all respects to all categories of non-United States persons, some of whom--such as foreign governments and certain international organizations--may be subject to special rules not discussed below. In addition, this summary does not address any state, local or foreign tax considerations that may be relevant to a holder's decision to exchange Series A Preferred Stock for Debentures pursuant to the Exchange Offer. For a discussion of certain United States federal income tax considerations, some of which may also be relevant to non-United States persons, see "Certain Federal Income Tax Considerations."

As used herein, "non-United States person" means any person who, for United States federal income tax purposes, is neither (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any State or of any of its territories or possessions or (iii) a domestic trust or estate.

ALL SERIES A PREFERRED STOCK HOLDERS THAT ARE NON-UNITED STATES PERSONS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE EXCHANGE OF SERIES A PREFERRED STOCK FOR DEBENTURES AND THE OWNERSHIP, CONVERSION AND DISPOSITION OF DEBENTURES RECEIVED IN THE EXCHANGE OFFER IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

EXCHANGE OF SERIES A PREFERRED STOCK FOR DEBENTURES

Subject to the discussion of backup withholding below, if a holder that is a non-United States person proves, in a manner and under arrangements satisfactory to the Company or other withholding agent, that the exchange of Series A Preferred Stock for Debentures by such holder qualifies as a transaction in which gain or loss is recognized, rather than as a dividend (see "Certain Federal Income Tax Considerations--Exchange of Series A Preferred Stock for Debentures," above), the Company or such withholding agent will not withhold federal income tax on the issuance of Debentures to such holder and such holder generally will not be subject to United States federal income tax in respect of gain recognized on such exchange unless (i) such gain is

effectively connected with a trade or business conducted by such non-United States person within the United States (in which case the branch profits tax may also apply if the holder is a foreign corporation), (ii) in the case of a non-United States person that is an individual, such holder is present if the United States for a period or periods aggregating 183 days or more in the taxable year of the exchange and certain other conditions are satisfied or (iii) the Company is or has been a "United States real property holding corporation" for federal income tax purposes within the five-year period ending on the date of the exchange (which the Company does not believe it has been or is currently) and certain other conditions are satisfied, and no treaty exception is applicable.

If a holder that is a non-United States person who exchanges Series A Preferred Stock for Debentures does not prove, in a manner satisfactory to the Company or other withholding agent, that such exchange qualifies as a transaction in which gain or loss is recognized, United States federal withholding tax will be withheld from the gross proceeds to such holder in an amount equal to 30% of such proceeds (including Debentures that such holder would otherwise have received) unless such holder is eligible for a reduced tax treaty rate with respect to dividend income, in which case the tax will be withheld at the reduced rate, or establishes that it is exempt from such tax (e.g., by providing the appropriate form certifying its status as a foreign government). Except as may be otherwise provided in an applicable income tax treaty, a holder that is a non-United States person will be taxed at ordinary federal income tax rates on a net income basis if such dividend is effectively connected with the conduct of a trade or business of such holder within the United States (in which case the branch profits tax may also apply if the holder is a foreign corporation) and will not be subject to the withholding tax described

in the preceding sentence. A holder that is a non-United States person may be eligible to obtain from the IRS a refund of tax withheld if such holder meets one of the three tests of section 302 described above under "Certain Federal Income Tax Considerations--Exchange of Series A Preferred Stock for Debentures" or is otherwise able to establish that no tax (or a reduced amount of tax) was due.

PAYMENTS ON DEBENTURES

Subject to the discussion of backup withholding below, payments of principal, premium (if any) and interest (including original issue discount) on a Debenture by the Company or its agent (in its capacity as such) to a beneficial owner that is a non-United States person will not be subject to United States federal withholding tax; provided that (a) such person does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote, (b) such person is not a controlled foreign corporation that is related to the Company actually or constructively through stock ownership, (c) such person is not a bank that acquired its Debenture in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business and (d) either (i) the beneficial owner certifies to the Company or its agent, under penalties of perjury, in a suitable form that it is a not a United States person and provides its name and address or (ii) a qualifying securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and that holds the Debenture certifies to the Company or its agent under penalties of perjury that such statement has been received from the beneficial owner in a suitable form by it or by a qualifying intermediary and furnishes the payor with a copy thereof.

If a beneficial owner of a Debenture who is a non-United States person is engaged in a trade or business within the United States and interest (including original issue discount) and premium, if any, on the Debenture is effectively connected with the conduct of such trade or business, such beneficial owner may be subject to United States federal income tax on such interest (including original issue discount) and premium at ordinary federal income tax rates on a net basis (in which case the branch profits tax may also apply if the holder is a foreign corporation).

CONVERSION OF DEBENTURES

If a holder that is a non-United States person converts a Debenture into

Common Stock and cash and does not prove, in a manner satisfactory to the Company or other withholding agent, that the cash received is not treated as a dividend for U.S. federal income tax purposes, United States federal withholding tax will be withheld from the proceeds at a rate of 30% of such proceeds unless such holder is eligible for a reduced tax treaty rate with respect to dividend income, in which case the tax will be withheld at the reduced rate, or establishes that it is exempt from such tax (e.g., by providing the appropriate form certifying its status as a foreign government). Except as may be otherwise provided in an applicable income tax treaty, a holder that is a non-United States person will be taxed at ordinary federal income tax rates on a net income basis if such dividend is effectively connected with the conduct of a trade or business of such holder within the United States (in which case the branch profits tax may also apply if the holder is a foreign corporation) and will not be subject to the withholding tax described in the preceding sentence. A holder that is a non-United States person may be eligible to obtain from the IRS a refund of tax withheld if such holder is able to establish that no tax (or a reduced amount of tax) is due. To the extent such a holder receives cash in lieu of fractional shares of Common Stock, such payment will be subject to the rules described below under "--Sale or Exchange of Debentures or Common Stock."

SALE OR EXCHANGE OF DEBENTURES OR COMMON STOCK

Subject to the discussion of backup withholding below, any capital gain realized upon a sale or exchange of a Debenture (including upon retirement of a Debenture) or Common Stock issued upon

conversion of a Debenture by a beneficial owner who is a non-United States person ordinarily will not be subject to United States federal income tax unless (i) such gain is effectively connected with a trade or business conducted by such non-United States person within the United States (in which case the branch profits tax may also apply if the holder is a foreign corporation), (ii) in the case of a non-United States person that is an individual, such holder is present in the United States for a period or periods aggregating 183 days or more in the taxable year of the sale or exchange and certain other conditions are met or (iii) the Company is or has been a "United States real property holding corporation" for federal income tax purposes (which the Company does not believe it has been or is currently) and such non-United States person has held, directly or constructively, more than 5% of the outstanding Common Stock within the five-year period ending on the date of the sale or exchange, and no treaty exception is applicable.

DIVIDENDS ON COMMON STOCK

Generally, any dividends paid on Common Stock received upon the conversion of a Debenture will be subject to United States federal withholding tax at a rate of 30% of the amount of the dividend, or at a lower applicable treaty rate. However, if the dividend is effectively connected with a United States trade or business of a holder that is a non-United States person, it will be subject to United States federal income tax at ordinary federal income tax rates on a net basis (in which case the branch profits tax may also apply if such holder is a foreign corporation), rather than the 30% withholding tax.

Under current Treasury Regulations, a holder's status as a non-United States person and eligibility for a tax treaty reduced rate of withholding will be determined by reference to the holder's address and to any outstanding certificates or statements concerning eligibility for a reduced rate of withholding, unless facts and circumstances indicate that reliance is not warranted. However, the IRS has issued Proposed Regulations that, if adopted in final form, would require a non-United States person to provide certifications under penalties of perjury in order to obtain treaty benefits.

FEDERAL ESTATE TAXES

Debentures beneficially owned by an individual who at the time of death is neither a citizen nor a resident of the United States will not be subject to United States federal estate tax as a result of such individual's death, provided that at the time of death the income from the Debentures was not or would not have been effectively connected with the conduct by such individual of a trade or business within the United States and that such individual qualified for the exemption from United States federal withholding tax (without regard to the certification requirements) on premium and interest that is

described above under "--Payments on Debentures."

Common Stock that is beneficially owned by an individual who is neither a citizen nor a resident of the United States at the time of death will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

BACKUP WITHHOLDING AND INFORMATION REPORTING

Information reporting on IRS Form 1099 and backup withholding at a rate of 31% will not apply to payments of principal, premium (if any) and interest (including original issue discount) made by the Company or a paying agent to a non-United States holder on a Debenture if the certification described in clause (d) under "--Payments on Debentures" above is received, provided that the payor does not have actual knowledge that the holder is a United States person. However, interest (including original issue discount) on a Debenture owned by a holder that is a non-United States person may be required to be reported annually on IRS Form 1042S.

Generally, dividends on Common Stock paid to holders that are non-United States persons that are subject to the 30% or a reduced treaty rate of United States federal withholding tax will be exempt from backup withholding tax. Otherwise, backup withholding of United States federal income tax at a rate of 31% may apply to dividends paid with respect to Common Stock to holders that are not "exempt recipients" and that fail to provide certain information (including the holder's taxpayer identification number) in the manner required by United States law and applicable regulations.

Payments of the proceeds from the sale by a holder that is a non-United States person of a Debenture or Common Stock issued upon conversion of a Debenture made to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that if the broker is a United States person, a controlled foreign corporation for United States tax purposes or a foreign person 50% or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period, information reporting may apply to such payments. Payments of the proceeds from the sale of a Debenture or Common Stock to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder certifies as to its non-United States status or otherwise establishes an exemption from information reporting and backup withholding.

LEGAL MATTERS

The validity of the Debentures will be passed upon for the Company by Francesca M. Maher, Vice President--Law and Corporate Secretary of the Company. Ms. Maher owns shares of Common Stock and has options to purchase additional shares of Common Stock. Certain other legal matters will be passed upon for the Company by Mayer, Brown & Platt, Chicago, Illinois. Certain legal matters will be passed upon for the Dealer Managers by Shearman & Sterling, New York, New York.

EXPERTS

The consolidated financial statements as of December 31, 1994 and 1993, and for each of the three years in the period ended December 31, 1994, included in the Form 8-K dated February 28, 1995, incorporated by reference in this Registration Statement and the consolidated financial statements and related schedules of the Company as of December 31, 1993 and 1992 and for each of the three years in the period ended December 31, 1993, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993, incorporated by reference in this Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said report. Reference is made to said reports which include an explanatory paragraph with respect to the changes in methods of accounting for income taxes and postretirement benefits other than pensions as discussed in the notes to the consolidated financial statements.

Facsimile copies of the Letter of Transmittal will be accepted. Letters of Transmittal, certificates representing shares of Series A Preferred Stock and any other required documents should be sent by each holder of Series A Preferred Stock or his broker, dealer, commercial bank, trust company or other nominee to the Exchange Agent at one of the addresses as set forth below:

The Exchange Agent Is:

THE BANK OF NEW YORK

By Mail:

(registered or certified mail recommended)
The Bank of New York
Reorganization Section
101 Barclay Street
(7 East)
New York, NY 10286
Attention:
Arwen Gibbons

By Hand or Overnight Courier:

The Bank of New York
Reorganization Section
101 Barclay Street
(7 East)
New York, NY 10286
Attention:
Arwen Gibbons

By Facsimile Transmission
(For Eligible Institutions Only):

(212) 571-3080

Confirm Receipt of Notice of Guaranteed Delivery by Telephone:

(212) 815-2742

Attention:

Arwen Gibbons

The Information Agent Is:

D.F. KING & CO., INC.

77 Water Street

New York, New York 10005

(800) 669-5550 (Toll-Free)

(212) 269-5550 (Call Collect)

Any questions or requests for assistance or additional copies of this Prospectus and the Letter of Transmittal may be directed to the Information Agent at its telephone number and location set forth above. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Exchange Offer.

The Dealer Managers for the Exchange Offer are:

GOLDMAN, SACHS & CO.
85 Broad Street
New York, New York 10004

(800) 323-5678 (Toll-Free)

LEHMAN BROTHERS
3 World Financial Center
New York, New York 10285
(800) 524-4462 (Toll-Free)

PART II

ITEM 20. INDEMNIFICATION OF OFFICERS AND DIRECTORS

LIMITATION OF LIABILITY OF DIRECTORS

The Company's Restated Certificate of Incorporation provides that no director of the Company will be personally liable to the Company or its stockholders for

monetary damages for any breach of fiduciary duty by such director as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law ("DGCL") or (iv) for any transaction from which the director derived an improper personal benefit.

The above provision is intended to afford directors additional protection and limit their potential liability from suits alleging a breach of the duty of care by a director. As a result of the inclusion of such a provision, stockholders may be unable to recover monetary damages against directors for actions taken by them that constitute negligence or gross negligence or that are otherwise in violation of their fiduciary duty of care, although it may be possible to obtain injunctive or other equitable relief with respect to such actions. If equitable remedies are found not to be available to stockholders in any particular situation, stockholders may not have an effective remedy against a director in connection with such conduct.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's Restated Certificate of Incorporation provides that directors and officers of the Company shall be indemnified against liabilities arising from their service as directors and officers to the full extent permitted by law.

Section 145 of the DGCL empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Section 145 also empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted under similar standards, except that no such indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless, and only to the extent that, the Court of Chancery or the court in which such action was brought shall determine that despite the adjudication of liability such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 145 further provides that to the extent that a director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to above or in the defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees)

actually and reasonably incurred by him in connection therewith; that indemnification provided for by Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled; and that the corporation is empowered to purchase and maintain insurance on behalf of a director or officer of the corporation against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liabilities under Section 145.

The Company has purchased directors' and officers' liability insurance covering certain liabilities incurred by its directors and officers in connection with the performance of their duties.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

A list of exhibits included as part of this Registration Statement is set forth in an Exhibit Index which immediately precedes such exhibits.

(b) The following financial statement schedules are filed as part of this Registration Statement:

None.

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Financial Statements of the Registrant or Notes thereto.

ITEM 22. UNDERTAKINGS

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described under Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit

or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(4) To respond to requests for information that is incorporated by reference into the Prospectus pursuant to Item 4, 10(b), 11 or 13 of Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first-class mail or equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement throughout the date responding

to the request.

(5) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS AMENDED REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN ELK GROVE TOWNSHIP, ILLINOIS ON FEBRUARY 28, 1995.

UAL Corporation

/s/ Douglas A. Hacker
By _____
Douglas A. Hacker
Senior Vice President--Finance

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDED REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
* _____ Gerald Greenwald	Chairman and Chief Executive Officer	February 28, 1995
* _____ Douglas A. Hacker	Senior Vice President--Finance (Principal Financial and Accounting Officer)	February 28, 1995
* _____ John A. Edwardson	Director	February 28, 1995
* _____ Duane D. Fitzgerald	Director	February 28, 1995
* _____ Richard D. McCormick	Director	February 28, 1995
* _____ John F. McGillicuddy	Director	February 28, 1995
* _____ James J. O'Connor	Director	February 28, 1995
* _____ Harlow Osteboe	Director	February 28, 1995
* _____ John F. Peterpaul	Director	February 28, 1995
* _____ Paul E. Tierney, Jr.	Director	February 28, 1995

*	Director	February 28, 1995
John K. Van de Kamp		
*	Director	February 28, 1995
Joseph V. Vittoria		
*	Director	February 28, 1995
Paul A. Volcker		

/s/ Douglas A. Hacker

*By _____

Douglas A. Hacker

Attorney-in-fact

EXHIBIT INDEX

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* Previously filed.

EXHIBIT 1.1

DEALER MANAGER AGREEMENT

_____, 1995

Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004

Lehman Brothers Inc.
Three World Financial Center
New York, New York 10285

Dear Sirs:

UAL Corporation, a Delaware corporation (the "Company"), plans to make an offer, upon the terms and subject to the conditions referred to below (the "Exchange Offer"), for all of its issued and outstanding shares of Series A Convertible Preferred Stock (the "Series A Preferred Stock"), in exchange for ____% Convertible Subordinated Debentures due 2025 (the "Debentures") of the Company to be issued under an indenture (the "Indenture") dated as of _____, 1995 between the Company and The Bank of New York, as Trustee (the "Trustee"), on the basis of $1,000 principal amount of Debentures for every ten (10) shares of Series A Preferred Stock. The Debentures are further described in the Prospectus referred to below. The Debentures will be convertible, at the option of the holder, into a combination of cash in the amount of $541.90 and common stock of the Company, par value $.01 per share (the "Common Stock"). The exchange of Series A Preferred Stock for Debentures pursuant to the Exchange Offer is referred to herein as the "Exchange." The date of the Exchange is referred to herein as the "Exchange Date."

The Company hereby confirms its agreement with each of Goldman, Sachs & Co. ("Goldman Sachs") and Lehman Brothers Inc. ("Lehman") and, together with Goldman Sachs, the "Dealer Managers") as follows:

1. Registration Statement, Prospectus, Schedule 13E-4 and Offering Materials. (a) The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement (File No. 33-57579), as amended, in respect of the Debentures issuable pursuant to the Exchange Offer and the shares of Common Stock issuable upon conversion of the Debentures, and such registration statement and any post-

effective amendment thereto, each in the form heretofore delivered to you, has been declared effective by the Commission in such form; no other document with respect to such registration statement has heretofore been filed with the Commission; and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission. The various parts of such registration statement, including all exhibits thereto and including the documents incorporated by reference in the prospectus contained in the registration statement at the time such part of the registration statement became effective, each as amended at the time such part of the registration statement became effective, is hereinafter called the "Registration Statement"; and the final prospectus, in the form included in the Registration Statement at the time it became effective, is hereinafter called the "Prospectus", except that, if the prospectus first filed by the Company pursuant to Rule 424(b) under the Securities Act shall differ from the Prospectus, the term "Prospectus" shall refer to the prospectus first filed pursuant to Rule 424(b); any reference herein to the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 11 of Form S-4 under the Securities Act, as of the date of such Prospectus; and any reference to any amendment or supplement to the Prospectus shall be deemed to refer to and include any documents filed after the date of such Prospectus under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and

incorporated by reference in such Prospectus; and any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement.

(b) The Company has also prepared and filed with the Commission under the Exchange Act and the rules and regulations promulgated thereunder a Statement on Schedule 13E-4 with respect to the Exchange Offer (including the exhibits thereto and any documents incorporated by reference therein, the "Schedule 13E-4"; all references in this Agreement to the Schedule 13E-4 as the same may be amended hereafter shall include all exhibits filed together with any amendments thereto).

(c) The Company has furnished, or will promptly furnish, to you three copies of the Registration Statement and the Schedule 13E-4, all amendments or supplements thereto and any other filings with the Commission in connection with the Exchange Offer, whether filed before or after the Registration Statement became effective, and copies of all exhibits and documents filed therewith or incorporated therein by reference.

(d) The Registration Statement and the Prospectus, and the related letter from the Company to securities dealers, commercial banks, trust companies and other nominees, letter to beneficial owners of the shares of Series A Preferred Stock, letter of transmittal to be used by holders tendering shares of Series A Preferred Stock pursuant to the Exchange Offer (the "Letter of Transmittal"), notice of guaranteed delivery, and any

newspaper announcements, press releases and other offering materials and information as the Company may use or prepare, approve or authorize for use in connection with the Exchange Offer, including the Schedule 13E-4, each as amended or supplemented from time to time, are referred to herein collectively as the "Exchange Offer Materials."

2. Exchange Offer; Appointment as Dealer Managers. (a) The Company shall commence the Exchange Offer as soon as practicable after the execution and delivery hereof by publicly announcing its commencement and shall distribute by mail, or cause to be mailed on its behalf, copies of the Prospectus, the related Letter of Transmittal, together with a return envelope, and such of the other Exchange Offer Materials as may be required or as the Company may elect to furnish to each holder of record of shares of Series A Preferred Stock (the date of the commencement of such distribution being herein called the "Commencement Date"). The Dealer Managers shall not have any obligation to cause any Exchange Offer Materials to be transmitted generally to the holders of shares of Series A Preferred Stock. If requested by a holder of shares of Series A Preferred Stock, the Dealer Managers will provide the Information Agent with such holder's name and address.

(b) The Company hereby appoints you as Dealer Managers in connection with the Exchange Offer and authorizes you to act on its behalf in accordance with this agreement and the terms of the Exchange Offer Materials to solicit acceptances of the Exchange Offer.

(c) The Company has approved the Exchange Offer and the Exchange Offer Materials and authorizes you and any other securities dealer or any commercial bank or trust company to use the Exchange Offer Materials in connection with the solicitation of tenders.

(d) The Company authorizes the Dealer Managers to communicate with any exchange agent (the "Exchange Agent") and any information agent (the "Information Agent") appointed by the Company to act in such capacity in connection with the Exchange Offer with respect to matters relating to the Exchange Offer.

(e) The Company agrees that it will not use or publish any material in connection with the Exchange Offer, or refer to you in any such material, without first consulting with you.

3. Solicitation of Tenders. (a) Each Dealer Manager, acting severally and not jointly, agrees to use its best efforts to solicit tenders of shares of Series A Preferred Stock pursuant to the Exchange Offer. Neither the Dealer Managers nor any affiliates, partners, directors, agents, employees or

controlling persons (if any) of the Dealer Managers shall have any liability (in tort, contract or otherwise) to the Company or any other person related to the Company for any act or omission on the part of any securities broker or dealer

(other than the Dealer Managers), commercial bank or trust company which solicits tenders; and neither the Dealer Managers nor any of such persons or entities referred to above shall have any liability (in tort, contract or otherwise) hereunder except as to each of the Dealer Managers, severally and not jointly, to the extent it is finally judicially determined that such liability results from the gross negligence or bad faith of the Dealer Managers. In soliciting tenders, no such securities broker or dealer, commercial bank or trust company shall be deemed to act as the agent of the Dealer Managers or the Company; and you, as Dealer Managers, shall not be deemed the agent of any other securities broker or dealer or of any commercial bank or trust company. In soliciting tenders, you, as Dealer Managers, shall act as independent contractors and shall not be deemed to act as agents of the Company, and the Company shall not be deemed to act as agent of the Dealer Managers. Nothing contained in this Agreement shall constitute the Dealer Managers partners or joint venturers with the Company or any of its subsidiaries.

(b) The Company shall furnish or case to be furnished to the Dealer Managers, cards or lists as they become available in reasonable quantities or copies thereof showing the names of persons, to the extent known to the Company, who were the holders of record of the shares of Series A Preferred Stock as of a recent date, together with their addresses, and the number of shares of Series A Preferred Stock held by them. At the request of the Dealer Managers, the Company also shall use its best efforts to advise you from day to day during the period of the Exchange Offer, as to any transfers in the holders of record of shares of Series A Preferred Stock. Additionally, the Company shall advise you, to the extent known and available to the Company, of the names and addresses of beneficial owners of the shares of Series A Preferred Stock. Except as otherwise provided herein, you agree to use such information only in connection with the Exchange Offer and not to furnish such information to any other person except in connection with the Exchange Offer.

(c) The Company shall advise you, or cause the Exchange Agent to advise you, at 5:00 P.M., New York City time, or as promptly as practicable thereafter, daily (or more frequently if requested), by telephone or facsimile transmission, as of 4:00 P.M. (or as of the time of such request) on such day with respect to shares of Series A Preferred Stock tendered as follows: (i) the number of shares validly tendered on such day; (ii) the number of shares validly tendered represented by certificates physically held by the Exchange Agent (or for which the Exchange Agent has received confirmation of receipt of book-entry transfer of such shares into the Exchange Agent's account at a book-entry transfer facility pursuant to the procedures set forth in the Exchange Offer) on such day; (iii) the number of shares represented by Notices of Guaranteed Delivery on such day; (iv) the number of shares properly withdrawn on such day; and (v) the cumulative totals as of such date of the number of shares in categories (i) through (iv) above. If requested by the Dealer Managers, on the day following such oral communication, the Company shall furnish, or cause the Exchange Agent to furnish, to you a written report confirming the above information which has been

communicated orally. The Company shall furnish to you, or cause the Exchange Agent to furnish to you, such other information on the tendering holders of Shares of Series A Preferred Stock as may be reasonably required from time to time.

(d) To the extent practicable until the Exchange Date, the Company shall use its best efforts to cause copies of the Prospectus, and the Letter of Transmittal, together with a return envelope, and other appropriate Exchange Offer Materials to be mailed to each person who becomes a holder of record of any shares of Series A Preferred Stock.

4. Covenants of the Company. The Company covenants and agrees with you that:

(a) The Company will notify you, promptly after it receives notice thereof, of the time when the Registration Statement, or any amendment

thereof, has been filed or becomes effective, or any amendment or supplement to the Prospectus or any amendment to the Schedule 13E-4 or any amended or additional Exchange Offer Materials shall have been filed, of the receipt of any comments from the Commission relating to the Exchange Offer, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Prospectus or any of the Exchange Offer Materials, of the suspension of the qualification of the Debentures for offering or sale in connection with the Exchange Offer in any jurisdiction, of any request by the Commission to amend or supplement the Registration Statement, the Prospectus, the Schedule 13E-4 or the other Exchange Offer Materials or for additional information or of the institution or threatening of any proceedings for any such purpose. The Company will also inform you, promptly after it receives notice thereof, of any litigation or other administrative proceeding with respect to the Exchange Offer.

(b) The Company agrees to furnish each of you with as many copies of the Exchange Offer Materials as you may reasonably request for use by you in connection with the Exchange Offer, during the period of the Exchange Offer. The Company will cause all amendments and supplements filed with the Commission to be distributed to holders of record of shares of Series A Preferred Stock as may be required by the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder. During the period referred to in the second sentence of paragraph (c) below, the Company will deliver to each of you, without charge, such number of copies of the Prospectus and the other Exchange Offer Materials (as supplemented or amended) as such Dealer Manager may reasonably request. During the period referred to in the second sentence of paragraph (c) below, before amending or supplementing the Registration Statement, the Prospectus, the Schedule 13E-4 or the other Exchange Offer Materials, or preparing or approving any other material for use in connection with the Exchange Offer, the Company will furnish you with a copy

of each such proposed amendment or supplement or other material and agrees not to use any such proposed amendment or supplement or other material which shall be reasonably disapproved by you after reasonable notice thereof; provided that the requirements of this paragraph shall not apply to the Company's Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q or its Current Reports on Form 8-K so long as the Company shall furnish you and your counsel with copies of such documents on the date of filing thereof with the Commission.

(c) The Company will comply in all material respects with the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder in connection with the Exchange Offer Materials, the Exchange Offer and the transactions contemplated hereby and thereby. If, at any time during the period when, in the opinion of your counsel or counsel for the Company, a prospectus is required to be delivered by the Securities Act or the Exchange Act and the rules and regulations promulgated thereunder in connection with the Exchange Offer any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus or any of the other Exchange Offer Materials in order that the Prospectus or other Exchange Offer Materials will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus or other Exchange Offer Materials are delivered, not misleading, or if it shall be necessary for any other reason during such period to amend or supplement the Registration Statement, the Schedule 13E-4 or the Prospectus or any of the other Exchange Offer Materials in order to comply with applicable law, the Company will notify you and promptly prepare and furnish, at its own expense, to you and file with the Commission, if required, such amendment or supplement, as may be necessary so that the statements in the Prospectus or other Exchange Offer Materials, as amended or supplemented, will not, in the light of the circumstances under which they were made when the Prospectus or the other Exchange Offer Materials are delivered, be misleading or so that the Registration Statement, the Prospectus, the Schedule 13E-4 or such other Exchange Offer Materials comply with applicable law.

(d) The Company will take such action as you may reasonably request to qualify the Debentures for offering and sale under the securities or Blue

Sky laws of such United States jurisdictions as you shall reasonably request and will comply with such law so as to permit the continuance of sales and dealings therein in such jurisdiction for so long as may be necessary to complete the distribution of the Debentures; provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or as a dealer in securities, to file a general consent to service of process in any jurisdiction or to subject itself to taxation as

doing business in such jurisdiction. The Company will pay all expenses (including reasonable fees and disbursements of counsel) in connection therewith.

(e) The Company will make generally available to the holders of the Debentures as soon as practicable, but in any event not later than 45 days after the end of the fiscal quarter of the Company during which the first anniversary of the effective date of the Registration Statement occurs (or 90 days in case the period covered corresponds to a fiscal year of the Company) an earnings statement of the Company (in form complying with the provisions of Rule 158 of the Securities Act) covering such twelve-month period.

(f) The Company shall promptly give you notice of any change of the expiration date of the Exchange Offer, of the occurrence of any event which could cause the Company to withdraw, rescind, modify or amend the Exchange Offer and of any consummation of the Exchange Offer.

(g) The Company will promptly after the date hereof, in the event it has not already done so, file an application for the listing of the Debentures and the shares of Common Stock issuable upon conversion of the Debentures on the New York Stock Exchange ("NYSE") and will use its best efforts to cause such Debentures and shares of Common Stock to be duly authorized for listing thereon, subject to official notice of issuance, and to be registered under the Exchange Act.

(h) Between the date of this Agreement and the consummation of the Exchange Offer, the Company will not, without your prior written consent, offer, sell or enter into any agreement to sell any common stock or any debt securities in a public offering registered under the Securities Act (other than the Debentures); provided, however, that the Company may sell (i) stock pursuant to employee common stock option and stock purchase plans and similar compensation arrangements existing on the date of this Agreement, (ii) common stock pursuant to the Company's international employees stock purchase plan and (iii) debt securities of the Company or United, the proceeds of which sale shall be used to retire indebtedness outstanding on the date of this Agreement.

(i) The Company shall promptly give the you notice of any change of the record date with respect to the Series A Preferred Stock.

(j) The Company will promptly enter into an agreement with the Exchange Agent substantially in the form of such agreement previously furnished to you.

5. Compensation and Expenses. (a) The Company shall pay to you, as compensation for your services to the Company hereunder, a fee of _____ of the aggregate

liquidation preference value of all Series A Preferred Stock tendered and exchanged, if the aggregate liquidation preference value of Series A Preferred Stock so tendered and exchanged equals or exceeds $300,000,000. Such fee shall be shared equally between the Dealer Managers and shall be paid by certified or official bank check in immediately available funds concurrently with the acceptance of shares of Series A Preferred Stock by the Company pursuant to the Exchange Offer. If the aggregate liquidation preference value of Series A Preferred Stock tendered and exchanged is less than $300,000,000, then the Dealer Managers will not receive any compensation.

(b) Whether or not any shares of Series A Preferred Stock are tendered

pursuant to the Exchange Offer, the Company covenants and agrees to pay or cause to be paid the following: (i) the fees for the registration of the Debentures and the shares of Common Stock issuable upon conversion of the Debentures under the Securities Act and all fees and expenses payable (including reasonable fees and expenses of your counsel) in connection with securing any required review by the National Association of Securities Dealers, Inc., (ii) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the Exchange Offer, the negotiation and delivery of the accountants' letters referred to in Section 8(h) hereof and all other expenses incurred by the Company in connection with the preparation and filing of the Registration Statement, any Preliminary Prospectus, the Prospectus, the Schedule 13E-4 and the other Exchange Offer Materials and any amendments or supplements to any of the foregoing, and the cost of furnishing copies thereof to the Dealer Managers, the Exchange Agent and the holders of the shares of Series A Preferred Stock, (iii) your reasonable expenses and the reasonable fees and disbursements of your counsel, (iv) all reasonable expenses (including fees and disbursements of counsel) payable pursuant to Section 4(d) and in connection with the Blue Sky Survey, (v) the fees and expenses of the Exchange Agent and any Information Agent and any agent of the Exchange Agent or any Information Agent and the fees and disbursements of counsel for the Exchange Agent and any Information Agent in connection with the Exchange Offer, (vi) the listing fees incident to the listing of the Debentures and the shares of Common Stock issuable upon conversion of the Debentures on the NYSE, (vii) all costs and expenses incurred in the preparation, printing, mailing and publishing of the Prospectus, the Registration Statement, the Schedule 13E-4, the other Exchange Offer Materials, this Agreement and all other documents relating to the Exchange Offer and any amendments or supplements thereto, (viii) all fees payable to securities dealers (including you), commercial banks, trust companies and nominees as reimbursement of their customary mailing and handling expenses incurred in forwarding the Exchange Offer Materials to their customers, all fees and expenses of any forwarding agent, all advertising charges, any applicable transfer taxes not otherwise payable by the holders of the Series A Preferred Stock in connection with the Exchange Offer, (iv) the preparation, photocopying and distribution of this Agreement, the Exchange Agent Agreement dated as of _____, 1995 (the "Exchange Agent Agreement"), the Indenture, the Debentures and the Blue Sky Survey, (x) the delivery of the Debentures to be issued pursuant to the Exchange Offer, (xi) the fees and expenses of the

Trustee, including fees and disbursements of counsel for the Trustee in connection with the Indenture and the Debentures, (xii) all other costs and expenses incident to the Exchange Offer or to the performance by the Company of its obligations hereunder which are not otherwise specifically provided for in this Section and (xiii) expenses incurred by you as a result of presenting testimony or evidence, or preparing to present testimony or evidence, in connection with any court or administrative proceeding against the Company arising out of or in connection with the Exchange Offer.

6. Representations and Warranties by the Company. The Company represents and warrants and agrees with each of the Dealer Managers that:

(a) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement or the Prospectus will conform, in all material respects to the requirements of the Securities Act, the Exchange Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder and do not or will not, as of the applicable effective date as to the Registration Statement and any amendment thereto and as of the date of the Prospectus and as of the applicable filing date as to any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a Dealer Manager expressly for use therein;

(b) The Schedule 13E-4, as originally filed and subsequently amended, the other Exchange Offer Materials and any amendment or supplement thereto conform, or will conform, in all material respects with all applicable requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder; and none of the Schedule 13E-4, the other Exchange Offer Materials or any amendment or supplement thereto

includes, or will include, an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished to the Company in writing by a Dealer Manager expressly for use therein;

(c) The documents incorporated by reference in the Prospectus, when they became effective or were filed or last amended with the Commission, as the case may be, conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission

thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(d) This Agreement has been duly authorized, executed and delivered by the Company;

(e) The consolidated financial statements included or incorporated by reference in the Registration Statement present fairly the consolidated financial position of the Company and its consolidated subsidiaries as of the dates indicated and the consolidated results of operations and cash flows and changes in financial position of the Company and its consolidated subsidiaries for the periods specified. Except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved. The financial statement schedules, if any, included or incorporated by reference in the Registration Statement present fairly the information required to be stated therein. The selected consolidated financial data included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited consolidated financial statements included or incorporated by reference in the Registration Statement;

(f) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus and to perform its obligations under this Agreement; and the Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and its subsidiaries, considered as one enterprise;

(g) United Air Lines, Inc., a Delaware corporation ("United"), is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own,

lease and operate its properties and conduct its business as described in the Prospectus; and United is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on United and its subsidiaries, considered as one

enterprise;

(h) United is an "air carrier" and a "citizen of the United States" within the meaning of the Federal Aviation Act of 1958, as amended, and is "an air carrier operating under a certificate of convenience and necessity issued by the Civil Aeronautics Board" within the meaning of 11 U.S.C. (S) 1110. All of the outstanding shares of capital stock of United have been duly authorized and validly issued and are fully paid and non-assessable and are owned by the Company, directly, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind;

(i) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein or contemplated thereby, there has not been (A) any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, considered as one enterprise (a "Material Adverse Effect"), whether or not arising in the ordinary course of business, (B) any transaction entered into by the Company or any subsidiary, other than in the ordinary course of business, that is material to the Company and its subsidiaries, considered as one enterprise or (C) any extraordinary dividend or distribution of any kind declared, paid or made by the Company on its capital stock;

(j) Neither the Company nor United is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound or to which any of its properties may be subject, except for such defaults that would not have a Material Adverse Effect;

(k) Except as disclosed in the Prospectus, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, domestic or foreign, now pending or, to the knowledge of the Company, threatened against or affecting the Company or United that is required to be disclosed in the Prospectus or that could reasonably be expected to result in any Material Adverse Effect, or that could reasonably be expected to materially and adversely affect the

properties or assets of the Company and its subsidiaries, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement and the Exchange Offer; the aggregate of all pending legal or governmental proceedings that are not disclosed in the Prospectus to which the Company or United is a party or which affect any of their respective properties, including ordinary routine litigation incidental to their business, would not reasonably be expected to have a Material Adverse Effect;

(l) Arthur Andersen LLP, who are reporting upon the audited financial statements and the financial statement schedules included or incorporated by reference in the Registration Statement, are independent public accountants as required by the Securities Act and the rules and regulations under the Exchange Act;

(m) The Indenture has been duly authorized, and as of the Exchange Date will have been duly executed and delivered by the Company, and will be a valid and binding agreement of the Company, enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity), and will conform in all material respects to the description thereof contained in the Prospectus; and the Indenture has been duly qualified under the Trust Indenture Act;

(n) The Debentures have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered on the Exchange Date in the Exchange, the Debentures will be entitled to the benefits of the Indenture and will be valid and binding

obligations of the Company, enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity); and the Debentures will conform to the description thereof contained in the Prospectus;

(o) The shares of Common Stock issuable upon conversion of the Debentures have been duly authorized and reserved for issuance upon such conversion and, when issued upon conversion of the Debentures in accordance with the terms of the Indenture, will have been validly issued and will be fully paid and nonassessable and the issuance of such shares of Common Stock will not be subject to any presently existing preemptive or other similar rights;

(p) The making and consummation of the Exchange Offer have been duly authorized by all necessary corporate action on the part of the Company;

(q) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Indenture, and the Exchange Agent Agreement, the making and consummation of the Exchange Offer, the issuance and delivery of the Debentures pursuant to the Exchange Offer, the issuance of Common Stock upon conversion of the Debentures, the compliance by the Company with all of the provisions of this Agreement, the Indenture, and the Exchange Agent Agreement, and the consummation of the transactions herein and therein contemplated (x) have been duly authorized by the Board of Directors of the Company and all necessary corporate action to be taken or other corporate authorization to be obtained on the part of the Company will have been taken or obtained as of the Commencement Date and (y) do not and will not result in any violation of the charter or by-laws of the Company or United, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or United under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or United is a party or by which either may be bound or to which any of their properties may be subject or (B) any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or United or any of their respective properties other than the securities or Blue Sky laws of the various states (except in the case of either clause (A) or (B) above for such conflicts, breaches or defaults or liens, charges or encumbrances that would not have a Material Adverse Effect);

(r) No authorization, approval, consent or license of any government, governmental instrumentality or court, domestic or foreign (other than under the Securities Act, the Exchange Act, the Trust Indenture Act and the securities or blue sky laws of the various states and of any foreign country or jurisdiction and the rules of any exchange on which the Debentures may be listed), is required for the issuance and delivery of the Debentures pursuant to the Exchange Offer or the issuance of Common Stock upon conversion of the Debentures;

(s) The Company had at the date indicated a duly authorized and outstanding capitalization as set forth in the Prospectus under the caption "Capitalization";

(t) No legal or governmental proceeding is pending or, to the best of the Company's knowledge, is currently being threatened challenging the consummation of the transactions contemplated by the Agreement and the Exchange Offer;

(u) On the Exchange Date, the Debentures and the Common Stock issuable upon conversion of the Debentures will have been approved for listing on the NYSE, subject to notice of issuance;

(v) The Company has complied and, until the Exchange Offer is

completed, will comply with all of the provisions of Florida H.B. 1771, codified as Section 517.075 of the Florida Statutes (Chapter 92-128 Laws of Florida), and all regulations promulgated thereunder relating to issuers doing business with Cuba;

(w) Unless terminated in accordance with the terms of the Exchange Offer, the Company will accept shares of Series A Preferred Stock for Exchange in accordance with and subject to the terms and conditions of the Exchange Offer; and the Company will have made, or will cause the Exchange Agent to make, appropriate arrangements with The Depositary Trust Company and any other "qualified" registered securities depository, as may be necessary, to allow for the book-entry movement of tendered shares of Series A Preferred Stock and the Debentures between depository participants and the Exchange Agent; and

(x) The Exchange Agent Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company.

7. Indemnity. (a) The Company agrees: (i) to indemnify and hold harmless each Dealer Manager from and against any and all losses, claims, damages, expenses or liabilities (or action in respect thereof) (A) which arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Prospectus, the Schedule 13E-4 or the other Exchange Offer Materials or in any amendment or supplement to any of the foregoing or in any press release issued or authorized by the Company, or which arises out of or is based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except, as to any Dealer Manager, insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished to the Company in writing by such Dealer Manager expressly for use in the Registration Statement, the Prospectus and any amendment or supplement thereto, (B) which arises out of or is based upon any breach by the Company of any representation or warranty or failure to comply with any of the agreements on the part of the Company set forth herein or (C) which arises out of or is based upon a withdrawal, rescission, termination

or modification of, or a failure to make or consummate, the Exchange Offer; and (ii) to indemnify and hold each Dealer Manager harmless from and against any other loss, claim, damage, expense or liability (or action in respect thereof) which otherwise arises out of or is based upon or asserted against such Dealer Manager in connection with its acting as Dealer Manager in connection with the Exchange Offer or which arises in connection with any other matter referred to in this Agreement, except as to each of the Dealer Managers, severally and not jointly, to the extent it is finally judicially determined that any such losses, damages, liabilities, expenses or claims referred to in this clause (ii) results from such Dealer Manager's gross negligence or bad faith in performing the services that are the subject of this Agreement. In the event that you become involved in any capacity in any action, proceeding or investigation brought by or against any person, including stockholders of the Company, in connection with any matter referred to in this Agreement or arising out of the Exchange Offer for which you would be entitled to indemnification pursuant to the preceding sentence, the Company also agrees to indemnify and hold you harmless against and to reimburse you for (i) any and all reasonable expenses (including any legal and other fees and expenses incurred in connection with the cost of any investigation and preparation) incurred in connection therewith and (ii) any amount paid in settlement of any litigation commenced or threatened or of any claim whatsoever as set forth herein if such settlement is effected with the written consent of the Company, which shall not be unreasonably withheld. The Company also agrees that neither the Dealer Managers nor any of their respective affiliates, nor any partners, directors, agents, employees or controlling persons (if any), as the case may be, of such Dealer Manager or any such affiliates, shall have any liability to the Company or any person asserting claims on behalf of or in right of the Company for or in connection with any matter referred to in this Agreement except as to each of the Dealer Managers, severally and not jointly, to the extent it is finally judicially determined that any loss, damage, expense, liability or claim incurred by the Company results from the Dealer Manager's gross negligence or bad faith in performing the services that are the subject of this Agreement.

Each Dealer Manager agrees, severally and not jointly, to indemnify and hold harmless the Company to the same extent as the foregoing indemnity from the Company to each Dealer Manager contained in Section 7(a)(i)(A) above, but only with reference to information relating to such Dealer Manager furnished to the Company in writing by such Dealer Manager expressly for use in the Registration Statement, the Prospectus and any amendment of supplement thereto.

(b) Promptly after receipt by an indemnified party under Section 7(a) of notice of such indemnified party's involvement in any action, proceeding or investigation, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under Section 7(a), notify the indemnifying party in writing of such involvement, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party except to the extent the

indemnifying party is materially prejudiced by such omission or from any liability which it may have to any indemnified party otherwise than under such Section 7(a). In case any such action, proceeding or investigation shall be brought against or otherwise involve any indemnified party and such indemnified party shall notify the indemnifying party of the commencement thereof or such indemnified party's involvement therein, the indemnifying party shall be entitled to participate therein, and, to the extent that it shall wish, jointly and with any other indemnifying party similarly notified, to assume the defense thereof with counsel satisfactory to the indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party). Upon assumption by the indemnifying party of the defense of such action, proceeding or investigation, the indemnifying party shall not be liable to the indemnified party under this Section 7(b) for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by the indemnified party, in connection with the defense thereof other than reasonable costs of investigation, unless the indemnified party and the indemnifying party are named parties to any such action, proceeding or investigation (including any impleaded parties) and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. In no event shall the indemnifying part or parties be liable for the fees and expenses of more than one counsel in addition to local counsel, if necessary, for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(c) If for any reason the indemnification provided for in Section 7(a) above is unavailable to or insufficient to hold the indemnified party harmless in respect of any losses, claims, damages, expenses or liabilities (or actions in respect thereof) referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, expenses or liabilities (or actions in respect thereof) referred to therein in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Dealer Managers on the other hand in the matters contemplated by this Agreement. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under Section 7(b), in such proportion as is appropriate to reflect not only the relative benefits referred to in the immediately preceding sentence but also the relative fault of the

Company on the one hand and of the Dealer Managers on the other with respect to such losses, claims, damages, expenses or liabilities, as well as any other relevant equitable considerations. The relative benefits to the Company on the one hand and the Dealer Managers on the other in connection with the matters contemplated by its Agreement shall be deemed to be in the same proportion as

the maximum aggregate value of the consideration proposed to be paid by the Company to acquire the shares of Series A Preferred Stock pursuant to the Exchange Offer bears to the maximum aggregate fee proposed to be paid to such Dealer Manager pursuant to Section 5 of this Agreement as a result of the acquisition of the shares of Series A Preferred Stock pursuant to the Exchange Offer. The relative fault of the Company on the one hand and a Dealer Manager on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by, or relating to, the Company and its affiliates or such Dealer Manager and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(d) The Company and the Dealer Managers agree that it would not be just and equitable if contribution pursuant to subsection (c) of this Section 7 were determined by pro rata allocation or by any other method of allocation (even if the Dealer Managers were treated as one entity for such purpose) which does not take account of the equitable considerations referred to in Section 7(c). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 7(c) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Dealer Manager shall be required to contribute any amount in excess of the amount by which the fee paid to such Dealer Manager as provided in Section 5 of this Agreement exceeds the amount of any damages which such Dealer Manager has been required to pay in the case of statements or omissions, by reason of such untrue or alleged untrue statement or omission or alleged omission, or, in the case of actions or omissions, by reason of such action or omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Dealer Managers' obligations to contribute pursuant to this Section 7 are several (and not joint) in proportion to the respective fee payable to each Dealer Manager pursuant to Section 5 of this Agreement.

(e) The agreements contained in Sections 2 and 5, the indemnity and contribution agreements contained in this Section 7 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect regardless of (i) any termination or cancellation of this Agreement, (ii) any completion of the engagement provided by this Agreement or (iii) any investigation made by or on behalf of a Dealer Manager and any officer, partner or director of a Dealer Manager or any person

controlling such Dealer Manager or by or on behalf of the Company, its directors or officers, any authorized representative or any person controlling the Company and shall survive any acquisition of the shares of Series A Preferred Stock pursuant to the Exchange Offer or otherwise.

(f) The reimbursement, indemnity and contribution obligations of the Company and the Dealer Managers under this Section 7 shall be in addition to any liability which the Company or the Dealer Managers may otherwise have, shall

extend upon the same terms and conditions to the affiliates and the partners, directors, agents, employees and controlling persons (if any), of the Company and the Dealer Managers, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company, the Dealer Managers and any other such persons referred to above.

8. Conditions of Obligations. Your respective obligations to act as Dealer Managers hereunder shall be subject, in your discretion, to the conditions that:

(a) All representations, warranties and other statements of the Company contained herein or in certificates of any officer of the Company delivered pursuant to the provisions hereof are now, and on the Commencement Date, the expiration date of the Exchange Offer and on the Exchange Date shall be, true and correct.

(b) The Company at all times during the Exchange Offer shall have performed all of its obligations hereunder theretofore required to be performed.

(c) The Registration Statement shall have become effective on or prior to the Commencement Date; any Prospectus required to be filed with the Commission shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations under the Securities Act and in accordance with Section 4(b) hereof; and, at any time during the Exchange Offer, no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the Commission, and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction; and there shall not have been, at any time during the Exchange Offer, any temporary restraining order or injunction issued restraining or enjoining the Dealer Managers from acting in their respective capacities as dealer managers with respect to the Exchange Offer.

(d) Mayer, Brown & Platt, counsel for the Company, shall have furnished to you, as Dealer Managers, their written opinion, on the Commencement Date and the Exchange Date, dated the date of delivery thereof to the effect that:

(i) The Indenture has been duly authorized, and, when duly executed and delivered by the Company, will be a valid and binding agreement of the Company, enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws as now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity); and the Indenture has been duly qualified under the Trust Indenture Act;

(ii) The Debentures have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered on the Exchange Date in the Exchange, the Debentures will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company, enforceable in accordance with their terms except to the extent that enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws as now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity);

(iii) The shares of Common Stock issuable upon conversion of the Debentures have been duly authorized and reserved for issuance upon such conversion and, when issued upon conversion of the Debentures in accordance with the terms of the Indenture will have been validly issued and will be fully paid and non-assessable, and the issuance of such shares of Common Stock will not be subject to any presently existing preemptive or other similar rights;

(iv) The Debentures conform in all material respects as to legal matters to the descriptions thereof contained in the Prospectus under the caption "Description of Debentures;"

(v) This Agreement has been duly authorized, executed and delivered by the Company;

(vi) The Exchange Agent Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company;

(vii) The statements in the Prospectus under the captions "Certain Federal Income Tax Considerations", and "Certain Federal Tax Considerations for Non-United States Persons" and in the Registration Statement in Item 20,

insofar as such statements constitute a summary of the legal matters

or documents referred to therein, fairly summarize in all material respects the matters referred to therein with respect to such legal matters and documents;

(viii) The Registration Statement has become effective under the Securities Act, and to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceeding for that purpose has been initiated or threatened by the Commission; any Prospectus required to be filed with the Commission was filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations under the Securities Act;

(ix) The Registration Statement and the Prospectus and any further amendments and supplements thereto made by the Company prior to the time such opinion is delivered (other than the financial statements and related schedules therein and the Statement of Eligibility on Form T-1 of the Trustee, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Securities Act and the Trust Indenture Act and the rules and regulations thereunder; and

(x) The Schedule 13E-4 and any further amendments thereto made by the Company prior to the time of delivery of such opinion and the documents filed as exhibits thereto (other than the financial statements and related schedules and other financial data therein, as to which such counsel need express no opinion), comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder.

In rendering such opinion, Mayer, Brown & Platt may state that they express no opinion as to the laws of any jurisdiction other than the federal laws of the United States, the laws of the State of Illinois and the General Corporation Law of the State of Delaware. In addition, such counsel shall state that such counsel has participated in the preparation of the Registration Statement, the Schedule 13E-4 and the Prospectus and no facts have come to such counsel's attention that leads such counsel to believe that (i) the Registration Statement (including the documents incorporated by reference therein pursuant to Item 11 of Form S-4) at the time it became effective, or if an amendment to the Registration Statement or an Annual Report on Form 10-K has been filed with the Commission subsequent to the effectiveness of the Registration Statement, then at the time such amendment became effective or at the time of the most recent such filing, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading, or that the Prospectus as of its date

and the date of such opinion (including the documents incorporated by reference therein pursuant to Item 11 of Form S-4) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or (ii) the Schedule 13E-4, and the documents filed as exhibits thereto (including the items incorporated by reference therein) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading except that such counsel need express no belief with respect to the financial statements and schedules and other financial data included or incorporated by reference in the Registration Statement, or the Prospectus or any amendment thereto, or the Statement of Eligibility on Form T-1 of the Trustee.

(e) Francesca M. Maher, Vice President-Law and Corporate Secretary of the Company, shall have furnished to you, as Dealer Managers, her written opinion, on the Commencement Date and the Exchange Date, dated the date of delivery thereof, in form and substance satisfactory to you, to the effect that:

(i) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus and to perform its obligations under the Purchase Agreement; and the Company is duly qualified to transact business as a foreign corporation and is in good

standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and its subsidiaries, considered as one enterprise;

(ii) United is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus; and United is duly qualified to transact business as a foreign corporation and is in good standing in the States of Illinois, Indiana, California, Colorado and Virginia;

(iii) United is an "air carrier" and a "citizen of the United States" within the meaning of the Federal Aviation Act of 1958, as amended, and is "an air carrier operating under a certificate of convenience and necessity issued by the Civil Aeronautics Board" within the meaning of 11 U.S.C. (S) 1110. All of the outstanding shares of capital stock of United have been duly authorized and validly issued and are fully paid and non-assessable and are owned by the Company, directly, free and clear

of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind;

(iv) To such counsel's knowledge, there are no statutes or regulations, or any pending or threatened legal or governmental proceedings, required to be disclosed in the Prospectus that are not disclosed as required, nor any contracts or documents of a character required to be described or referred to in the Registration Statement, the Prospectus or the Schedule 13E-4 or to be filed as exhibits to the Registration Statement or the Schedule 13E-4 that are not described, referred to or filed as required, except that such counsel need not express an opinion as to the financial statements and schedules and other financial data included or incorporated by reference in the Registration Statement, the Prospectus or the Schedule 13E-4;

(v) The Company has at the date indicated a duly authorized and outstanding capitalization as set forth in the Prospectus under the caption "Capitalization"; all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all the Common Stock, the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Class 1 ESOP Preferred Stock, the Class 2 ESOP Preferred Stock, the Voting Preferred Stock and the Director Preferred Stock (each as defined in the Prospectus) of the Company conform in all material respects as to legal matters to the descriptions thereof contained in the Prospectus under the caption "Description of Capital Stock;"

(vi) The making and consummation of the Exchange Offer have been duly authorized by all necessary corporate action on the part of the Company;

(vii) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Indenture, and the Exchange Agent Agreement, the making and consummation of the Exchange Offer, the issuance and delivery of the Debentures pursuant to the Exchange offer, the issuance of Common Stock upon conversion of the Debentures, the compliance by the Company with all of the provisions of this Agreement, the Indenture, and the Exchange Agent Agreement, and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under the provisions of the charter or by-laws of the Company or United;

(viii) All consents, approvals, authorizations, orders or qualifications of or with any court or governmental agency or body of the United States or any state thereof required for the issuance and delivery of the Debentures pursuant to the Exchange Offer and the issuance of Common Stock upon conversion of the

Debentures have been obtained and are in full force and effect, except that such counsel need express no opinion as to state securities or Blue Sky laws in connection with the distribution of the Debentures pursuant to the Exchange Offer;

(ix) The descriptions in the Prospectus of the statutes, regulations, legal or governmental proceedings, contracts and other documents therein described are accurate in all material respects and fairly summarize the information required to be included therein;

(x) To such counsel's knowledge, neither the Company nor United is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound or to which any of its properties may be subject, except for such defaults that would not have a Material Adverse Effect;

(xi) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Indenture and the Exchange Agent Agreement, the making and consummation of the Exchange Offer, the issuance and delivery of the Debentures pursuant to the Exchange Offer, the issuance of Common Stock upon conversion of the Debentures, the compliance of the Company with all of the provisions of this Agreement, the Indenture and the Exchange Agent Agreement and the consummation of the transactions herein and therein contemplated have been duly authorized by all necessary corporate action on the part of the Company and do not and will not result in any violation of the charter or by-laws of the Company or United, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or United under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument known to such counsel to which the Company or United is a party or by which either may be bound or to which any of their properties may be subject (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not have a Material Adverse Effect) or (B) any existing applicable law, rule or regulation, applicable to the Company (other than the securities or Blue Sky laws of the various states, as to which such counsel expresses no opinion), or (C) any judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign known to such counsel, having jurisdiction over the Company or United or any of their respective properties; and

(xii) The documents incorporated by reference in the Prospectus, as of the dates they became effective or were filed with the Commission, complied as to form

in all material respects with the requirements of the Exchange Act and the rules and regulations under the Exchange Act, except that such counsel need not express an opinion as to the financial statements and related schedules and other financial data included or incorporated by reference in the Prospectus and the Statement of Eligibility on Form T-1 of the Trustee.

In rendering such opinion, such counsel may indicate that she is a member of the bar of the State of Illinois and that she expresses no opinion as to the laws of any jurisdiction other than the federal laws of the United States, the laws of the State of Illinois and the General Corporation Law of the State of Delaware. In addition, such counsel shall state that such counsel or lawyers under her supervision have participated in the preparation of the Registration Statement, the Schedule 13E-4, the Prospectus and the documents incorporated by reference therein and no facts have come to such counsel's attention that leads her to believe that (i) either the Registration Statement (including the documents incorporated by reference therein pursuant to Item 11 of Form S-4) at the time such Registration Statement became effective, or if an amendment to the Registration Statement or an Annual Report on Form 10-K has been filed with the Commission subsequent to the effectiveness of the Registration Statement, then at the time such amendment became effective or at the time of the most recent such filing, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or the Prospectus as

of its date and the date of such opinion (including the documents incorporated by reference therein pursuant to Item 11 of Form S-4) or any amendment or supplement thereto, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or (ii) the Schedule 13E-4 (including the documents incorporated by reference therein) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading except that such counsel need express no belief with respect to the financial statements and schedules and other financial data included or incorporated by reference in the Registration Statement, or the Prospectus or any amendment thereto or the Statement of Eligibility on Form T-1 of the Trustee.

(f) The Exchange Agent shall have furnished to you, as Dealer Managers, certificates, dated the Commencement Date and the Exchange Date, of an appropriate officer of the Exchange Agent, in form and substance satisfactory to you, to the effect that:

(i) The Exchange Agent has been duly incorporated and is validly existing as a trust company in good standing under the laws of the State of New York, with full power, authority and legal right under such law to execute, deliver and carry out the terms of the Exchange Agent Agreement;

(ii) The Exchange Agent Agreement has been duly authorized, executed and delivered by the Exchange Agent; and

(iii) The Exchange Agent Agreement constitutes a valid and binding obligation of the Exchange Agent.

(g) Shearman & Sterling, counsel for the Dealer Managers, shall have furnished to you, as Dealer Managers, such opinion or opinions, on the Commencement Date and the Exchange Date, dated the date of delivery thereof, with respect to the validity of the Debentures, the Indenture, this Agreement, the Registration Statement, the Prospectus and other related matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(h) At 10:00 a.m., New York City time, on the effective date of the Registration Statement, the effective date of the most recently filed post-effective amendment to the Registration Statement (other than an Annual Report on Form 10-K) and the Exchange Date, Arthur Andersen LLP shall have furnished to you, as Dealer Managers, a letter or letters, dated the respective date of delivery thereof, in form and substance satisfactory to you, to the effect set forth in Annex I hereto.

(i) (i) the Registration Statement, the Schedule 13E-4 and the Prospectus, as they may then be amended or supplemented, shall contain all statements that are required to be stated therein under the Securities Act and the rules and regulations under the Securities Act and in all material respects shall conform to the requirements of the Securities Act and the rules and regulations under the Securities Act and none of the Registration Statement, the Schedule 13E-4 or the Prospectus, as they may then be amended or supplemented, shall contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement, any Material Adverse Effect, whether or not arising in the ordinary course of business, (iii) the Company shall have complied with all agreements and satisfied all conditions hereunder on its part to be performed and satisfied at or prior to the Commencement Date and the Exchange Date and (iv) the other representations and warranties of the Company set forth in this Agreement shall be accurate as though expressly made at and as of the Commencement Date and the Exchange Date.

(j) Subsequent to the execution and delivery of this Agreement and prior to the Exchange Date, there shall not have been any downgrading, nor any notice given to the Company or United or any public notice given, in either case by a rating agency described below, of any intended or potential downgrading or of a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's or

United's securities, including the Debentures, by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(k) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities on the NYSE; (ii) a suspension or material limitation in trading in the Company's securities on the NYSE; (iii) a general moratorium on commercial banking activities in New York or Illinois declared by either Federal or New York State or Illinois State authorities, as the case may be; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this clause (iv) in your judgment makes it impracticable or inadvisable to proceed with the Exchange Offer or the delivery of the Debentures on the Exchange Date on the terms and in the manner contemplated in the Prospectus.

(l) On the Exchange Date, the Debentures and the shares of Common Stock issuable upon conversion of the Debentures shall have been duly listed, subject to notice of issuance, on the NYSE.

(m) The Exchange Agreement shall be in full force and effect.

(n) The Company shall have furnished or caused to be furnished to you on the Commencement Date and the Exchange Date a certificate of officers of the Company, satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Date, as to the performance by the Company of all of its respective obligations hereunder to be performed at or prior to such Date, and as to such other matters as you may reasonably request, and the Company shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (c), (i) and (j) of this Section 8, and as to such other matters as you may reasonably request.

9. Miscellaneous. (a) This Agreement is made solely for the benefit of the Dealer Managers, the Company and any officer, partner, director or controlling person referred to in Section 7 hereof, and their respective successors, assigns and legal representatives, and no other person shall acquire or have any right under or by virtue of this Agreement.

(b) Except as otherwise expressly provided in this Agreement, whenever notice is required by the provisions of this Agreement to be given to (i) the Company, such notice shall be in writing addressed to the Company, at the address set forth in the registration statement, Attention: Corporate Secretary; (ii) Goldman Sachs, such notice shall be in writing addressed to Goldman Sachs, at 85 Broad Street, New York, New York 10004,

Attention: Registration Department and (iii) Lehman, such notice shall be addressed to Three World Financial Center, New York, New York 10285, Attention: Kirk Meighan.

(c) This Agreement contains the entire understanding of the parties with respect to Goldman Sachs and Lehman acting as Dealer Managers in connection with the Exchange Offer, superseding all prior agreements, understandings and negotiations with respect to such activities by the Dealer Managers. In the event that any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof, which shall remain in full force and effect. Any right to trial by jury with respect to any action or proceedings arising in connection with or as a result of either your engagement or any matter referred to in this Agreement is hereby waived by the parties hereto. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. This Agreement may be executed in any number of separate counterparts, each of which shall be an original, but all such counterparts shall together constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our

agreement, please sign and return to us a duplicate of this letter, whereupon it will become a binding agreement among the Company and the Dealer Managers.

Very truly yours,

UAL CORPORATION

By: _____
Name:
Title:

The undersigned hereby confirms that the foregoing Agreement, as of the date thereof, correctly sets forth the agreement among the Company and the undersigned.

_____
Goldman, Sachs & Co.

LEHMAN BROTHERS INC.

By: _____
Name:
Title:

ANNEX I

Pursuant to Section 8(h) of the Dealer Manager Agreement, the accountants shall furnish a letter or letters to the Dealer Managers to the effect that:

(i) They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Securities Act and the applicable published rules and regulations thereunder;

(ii) In their opinion, the financial statements and any supplementary financial information and schedules examined by them and included or incorporated by reference in the Registration Statement or the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Securities Act or the Exchange Act, as applicable, and the related published rules and regulations thereunder; and, if applicable, they have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited consolidated interim financial statements of the Company for the periods specified in such letter, as indicated in their reports thereon, copies of which have been furnished to the Underwriter;

(iii) The unaudited selected financial information with respect to the consolidated results of operations and financial position of the Company for the five most recent fiscal years included or incorporated by reference in the Prospectus and included in or incorporated by reference in Item 6 of the Company's Annual Report on Form 10-K for the year ended December 31, 1993 agrees with the corresponding amounts (after restatement where applicable) in the audited consolidated financial statements for five such fiscal years which were included or incorporated by reference in the Company's Annual Reports on Form 10-K for such fiscal years;

(iv) On the basis of limited procedures, not constituting an examination in accordance with generally accepted auditing standards, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest available interim financial statements of the Company and its subsidiaries, inspection of the minute books of the Company and its subsidiaries since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, inquiries of officials of the Company and its subsidiaries responsible for financial and accounting matters and such

other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) (i) the unaudited consolidated financial statements included in the Prospectus and/or included or incorporated by reference in the Company's Quarterly Reports on Form 10-Q incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable

accounting requirements of the Exchange Act and the related published rules and regulations, or (ii) any material modifications should be made to the unaudited consolidated financial statements included in the Prospectus or included in the Company's Quarterly Reports on Form 10-Q incorporated by reference in the Prospectus for them to be in conformity with generally accepted accounting principles;

(B) as of a specified date not more than five business days prior to the date of such letter, there have been any changes in the consolidated capital stock (other than issuances of capital stock upon exercise of options and upon conversions of convertible securities, in each case which were outstanding on the date of the latest balance sheet included or incorporated by reference in the Prospectus) or any increase in the consolidated long-term debt of the Company and its subsidiaries or any increase in net current liabilities, in each case as compared with amounts shown in the latest balance sheet included or incorporated by reference in the Prospectus, except in each case for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(v) In addition to the audit referred to in their report(s) included or incorporated by reference in the Prospectus and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (ii), (iii) and (vi) above, they have carried out certain specified procedures, not constituting an audit in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Dealer Managers which are derived from the general accounting records of the Company and its subsidiaries, which appear in the Prospectus (excluding documents incorporated by reference), or in Part II of, or in exhibits and schedules to, the Registration Statement specified by the Dealer Managers or in documents incorporated by reference in the Prospectus specified by the Dealer Managers, and have compared certain of such amounts, percentages and financial information with the accounting records of the Company and its subsidiaries and have found them to be in agreement.

EXHIBIT 4.1

==========

UAL CORPORATION, Issuer

to

THE BANK OF NEW YORK, Trustee

INDENTURE

Dated as of April 3, 1995

Providing for Issuance of
Subordinated Debt Securities in Series

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Reconciliation and tie between Indenture dated as of April 3, 1995 and the Trust Indenture Act of 1939, as amended.

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(a)(2)	6.12
(a)(3)	TIA
(a)(4)	Not applicable
(a)(5)	TIA
(b)	6.10; 6.12; TIA
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This reconciliation and tie section does not constitute part of the Indenture.

INDENTURE, dated as of April 3, 1995, among UAL CORPORATION, a Delaware corporation (the "Company"), as issuer, and THE BANK OF NEW YORK, a New York banking corporation, as Trustee (the "Trustee").

Recitals

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured subordinated debentures, notes or other evidences of indebtedness ("Securities") to be issued in one or more series as herein provided.

All things necessary to make the Securities, when executed by the Company, the valid obligations of the Company, and to make this Indenture a valid agreement of the Company, in accordance with their and its terms, have been done.

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed as follows for the equal and ratable benefit of the Holders of the Securities:

ARTICLE 1

Definitions and Other Provisions of General Application

Section 1.1. Definitions. (a) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and

(4) the words "herein", "hereof" and "hereunder" and other words of

similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"Affiliate" of any specified Person means any Person directly or indirectly controlling or controlled by, or under

direct or indirect common control with, such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Paying Agent or Registrar.

"Authenticating Agent" means any authenticating agent appointed by the Trustee pursuant to Section 6.14.

"Authorized Newspaper" means a newspaper of general circulation, in the official language of the country of publication or in the English language, customarily published on each Business Day whether or not published on Saturdays, Sundays or holidays, and of general circulation in the place in connection with which the term is used or in the financial community of such place. Whenever successive publications in an Authorized Newspaper are required hereunder they may be made (unless otherwise expressly provided herein) on any Business Day and in the same or different Authorized Newspapers.

"Bearer Security" means any Security in the form (to the extent applicable thereto) established pursuant to Section 2.1 which is payable to bearer.

"Board" or "Board of Directors" means the Board of Directors of the Company, the Executive Committee or any other duly authorized committee thereof.

"Board Resolution" means a copy of a resolution of the Board of Directors, certified by the Corporate Secretary or an Assistant Secretary of the Company, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment or any other particular location referred to in this Indenture or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 3.1, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment or particular location are authorized or obligated by law or executive order to close.

"Capital Lease" means any lease obligation of a person incurred with respect to real property or equipment acquired or leased by such person and used in its business that is required to be recorded on its balance sheet as a capitalized lease in

accordance with generally accepted accounting principles consistently applied as in effect on the date hereof.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the Company in the first paragraph of this Indenture until one or more successor corporations shall have become such pursuant to the applicable provisions of this Indenture, and thereafter means such successors.

"Company Order" and "Company Request" mean, respectively, a written order or request signed in the name of the Company by the Chairman of the Board, the President, any Executive Vice President or any Senior Vice President, signing alone, by any Vice President signing together with the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary of the

Company, or, with respect to Sections 3.3, 3.4, 3.5 and 6.1, any other employee of the Company named in an Officers' Certificate delivered to the Trustee.

"Conversion Event" means the cessation of use of (i) a Foreign Currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the ECU both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit other than the ECU for the purposes for which it was established.

"Corporate Trust Office" means the office of the Trustee in New York, New York at which at any particular time its corporate trust business shall be principally administered, which office at the date hereof is located at 101 Barclay Street, New York, New York 10286.

"corporation" includes corporations, associations, companies and business trusts.

"coupon" means any interest coupon appertaining to a Bearer Security.

"Default" means any event which is, or after notice or passage of time, or both, would be, an Event of Default.

"Depositary", when used with respect to the Securities of or within any series issuable or issued in whole or in part in global form, means the Person designated as Depositary by the Company pursuant to Section 3.1 until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter shall mean or include each Person which is then a Depositary hereunder, and if at any time there is more than one such Person, shall be a collective reference to such Persons.

"Dollar" means the coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

"ECU" means the European Currency Unit as defined and revised from time to time by the Council of the European Communities.

"European Communities" means the European Economic Community, the European Coal and Steel Community and the European Atomic Energy Community.

"European Monetary System" means the European Monetary System established by the Resolution of December 5, 1978 of the Council of the European Communities.

"Exchange Rate Agent", when used with respect to Securities of or within any series, means, unless otherwise specified with respect to any Securities pursuant to Section 3.1, a New York Clearing House bank designated pursuant to Section 3.1 or Section 3.12.

"Exchange Rate Officer's Certificate" means a certificate setting forth (i) the applicable Market Exchange Rate or the applicable bid quotation and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount in the relevant currency or currency unit), payable with respect to a Security of any series on the basis of such Market Exchange Rate or the applicable bid quotation, signed by the Treasurer, any Vice President or any Assistant Treasurer of the Company.

"Flight Equipment" means:

(a) aircraft of all types and classes used in transportation and incidental services, together with all aircraft instruments, appurtenances parts and fixtures comprising such aircraft;

(b) aircraft engines of all types and classes used in transportation and incidental services, together with all accessories, appurtenances parts and fixtures comprising such aircraft engines;

(c) aircraft communication equipment of all types and classes used in transportation and incidental services, including radio, radar, radiophone and other aircraft communication apparatus, together with all accessories, appurtenances, parts and fixtures comprising such aircraft communication equipment;

(d) miscellaneous flight equipment of all types and classes (including miscellaneous crew flight equipment) used in transportation and incidental services; and

(e) spare parts, accessories and assemblies held for use in or repair of the items described in (a) through (d) above.

"Foreign Currency" means any currency issued by the government of one or more countries other than the United States or by any recognized confederation or association of such governments.

"Government Obligations" means securities which are (i) direct obligations of the United States or, if specified as contemplated by Section 3.1, the government which issued the currency in which the Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States or, if specified as contemplated by Section 3.1, such government which issued the foreign currency in which the Securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Obligation evidenced by such depositary receipt.

"Holder" means, with respect to a Bearer Security or coupon, a bearer thereof and, with respect to a Registered

Security, a person in whose name a Security is registered on the Register.

"Indebtedness" of any Person means, without duplication, the principal of, and premium, if any, and accrued and unpaid interest (including post-petition interest) on any obligation, whether outstanding on the date hereof or thereafter created, incurred or assumed, which is (i) indebtedness of such Person for money borrowed, (ii) Indebtedness Guarantees by such Person of indebtedness for money borrowed by any other Person, (iii) indebtedness evidenced by notes, debentures, bonds or other instruments of indebtedness for payment of which such Person is responsible or liable, (iv) obligations for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction, (v) obligations of such Person under Capital Leases and Flight Equipment leases (the amount of the Company's obligation under such Flight Equipment leases to be computed in accordance with Statement of Financial Accounting Standards No. 13 as if such Flight Equipment leases were Capital Leases), (vi) obligations (net of counterparty payments) under interest rate and currency swaps, caps, collars, options, forward or spot contracts or similar arrangements or with respect to foreign currency hedges, and (vii) commitment and other bank financing fees under contractual obligations associated with bank debt; provided, however, that Indebtedness shall not include amounts owed to trade creditors in the ordinary course of business.

"Indebtedness Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or

other obligation of the payment or performance thereof (or payment of damages in the event of nonperformance) or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the terms Indebtedness Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "Indebtedness Guarantee" used as a verb has a corresponding meaning.

"Indenture" means this Indenture as originally executed or as amended or supplemented from time to time and shall include

the forms and terms (but not defined terms established in an Officers' Certificate or a Board Resolution) of particular series of Securities established as contemplated by Section 2.1 and Section 3.1.

"Indexed Security" means a Security the terms of which provide that the principal amount thereof payable at Stated Maturity may be more or less than the principal face amount thereof at original issuance.

"interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after maturity, means interest payable after maturity.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Market Exchange Rate" means, unless otherwise specified with respect to any Securities pursuant to Section 3.1, (i) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon buying rate for such Foreign Currency for cable transfers quoted in New York City as certified for customs purposes by the Federal Reserve Bank of New York and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in New York City, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 3.1, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in New York City, London or other principal market for such currency or currency unit in question (which may include any such bank acting as Trustee under this Indenture), or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency or currency unit by reason of foreign exchange regulations or otherwise, the market to be used

in respect of such currency or currency unit shall be that upon which a nonresident issuer of securities designated in such currency or currency unit would purchase such currency or currency unit in order to make payments in respect of such securities.

"Maturity", when used with respect to any Security means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Officer" means the Chairman of the Board of Directors, the President, any Executive Vice President, any Senior Vice President, any Vice President or the Corporate Secretary of the Company.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, any Executive Vice President or any Senior Vice

President of the Company, signing alone, or by any Vice President signing together with the Corporate Secretary, any Assistant Secretary, the Treasurer, or any Assistant Treasurer of the Company.

"Opinion of Counsel" means a written opinion of legal counsel, who may be (a) the senior attorney employed by the Company, (b) Mayer, Brown & Platt or (c) other counsel designated by the Company and who shall be acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the stated principal amount thereof to be due and payable upon declaration of acceleration of the Maturity thereof pursuant to Section 5.2.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities and any coupons appertaining thereto provided that, if such Securities are to be redeemed, notice of such redemption has

been duly given pursuant to this Indenture or provisions therefor satisfactory to the Trustee have been made;

(iii) Securities, except to the extent provided in Sections 4.4 and 4.5, with respect to which the Company has effected defeasance and/or covenant defeasance as provided in Article 4; and

(iv) Securities which have been paid pursuant to Section 3.6 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, or whether sufficient funds are available for redemption or for any other purpose, and for the purpose of making the calculations required by section 313 of the Trust Indenture Act, (w) the principal amount of any Original Issue Discount Securities that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the maturity thereof pursuant to Section 5.2, (x) the principal amount of any Security denominated in a Foreign Currency that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the Dollar equivalent, determined as of the date such Security is originally issued by the Company as set forth in an Exchange Rate Officer's Certificate delivered to the Trustee, of the principal amount (or, in the case of an Original Issue Discount Security, the Dollar equivalent as of such date of original issuance of the amount determined as provided in clause (w) above) of such Security, (y) the principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security pursuant to Section 3.1, and (z) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction,

notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of, premium, if any, or interest on any Securities on behalf of the Company.

"Periodic Offering" means an offering of Securities of a series from time to time the specific terms of which Securities, including, without limitation, the rate or rates of interest or formula for determining the rate or rates of interest thereon, if any, the Stated Maturity or Stated Maturities thereof, the original issue date or dates thereof, the redemption provisions, if any, with respect thereto, and any other terms specified as contemplated by Section 3.1 with respect thereto, are to be determined by the Company upon the issuance of such Securities.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Securities of or within any series, means the place or places where, subject to the provisions of Section 9.2, the principal of, premium, if any, and interest on such Securities are payable as specified as contemplated by Section 3.1.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.6 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Redeemable Stock" means, with respect to any person, any equity security of such person that by its terms or otherwise (i) is required to be redeemed prior to the maturity of any of the Securities, or is redeemable at the option of the holder thereof at any time prior to the maturity of any of the Securities and (ii) creates a financial obligation on such person

if any required or optional redemption obligation is not timely satisfied.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, in whole or in part, means the price at which it is to be redeemed pursuant to this Indenture.

"Registered Security" means any Security in the form (to the extent applicable thereto) established pursuant to Section 2.1 which is registered as to principal and interest in the Register.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Registered Securities of or within any series means the date specified for that purpose as contemplated by Section 3.1.

"Responsible Officer", when used with respect to the Trustee, shall mean the chairman or any vice chairman of the board of directors, the chairman or any vice chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any senior vice president, any vice president, any assistant vice president, the secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any senior trust officer, any trust officer, the controller, any assistant controller, or any other officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively,

and also means, with respect to a particular corporate trust matter, any other officer to whom such corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Security" or "Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Security or Securities of the Company issued, authenticated and delivered under this Indenture.

"Senior Indebtedness of the Company" means all Indebtedness of the Company (other than the Securities), unless such Indebtedness, by its terms or the terms of the instrument creating or evidencing it, is subordinate in right of payment to or pari passu with the Securities.

"Special Record Date" for the payment of any Defaulted Interest on the Registered Securities of any issue means a date fixed by the Trustee pursuant to Section 3.7.

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security or in a coupon representing such installment of interest as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

"Subsidiary" means any corporation of which the Company at the time owns or controls, directly or indirectly, more than 50% of the shares of outstanding stock having general voting power under ordinary circumstances to elect a majority of the Board of Directors of such corporation (irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency).

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, as in effect on the date of this Indenture, except as provided in Section 8.3.

"Trustee" means the party named as such in the first paragraph of this Indenture until a successor Trustee replaces it pursuant to the applicable provisions of this Indenture, and thereafter means such successor Trustee and if, at any time, there is more than one Trustee, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to the Securities of that series.

"United States" means, unless otherwise specified with respect to the Securities of any series as contemplated by Section 3.1, the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"U.S. Person" means, unless otherwise specified with respect to the Securities of any series as contemplated by Section 3.1, a citizen, national or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"Yield to Maturity" means the yield to maturity, calculated by the Company at the time of issuance of a series of Securities or, if applicable, at the most recent determination of interest on such series, in accordance with accepted financial practice.

(b) The following terms shall have the meanings specified in the Sections referred to opposite such term below:

Term	Section
"Act"	1.4(a)
"Bankruptcy Law"	5.1
"Component Currency"	3.11(d)
"Conversion Date"	3.11(d)

"Custodian"	5.1
"Defaulted Interest"	3.7(b)
"Election Date"	3.11(h)
"Event of Default"	5.1
"Register"	3.5
"Registrar"	3.5
"Valuation Date"	3.7(c)

Section 1.2. Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than pursuant to Sections 2.3, 3.3 and 9.7) shall include:

(1) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.3. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations as to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.4. Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing. Except as herein otherwise

expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary

public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner which the Trustee deems sufficient.

(c) The ownership of Bearer Securities may be proved by the production of such Bearer Securities or by a certificate executed by any trust company, bank, banker or other depositary, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depositary, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such certificate or affidavit is deemed by the Trustee to be satisfactory. The Trustee and the Company may assume that such ownership of any Bearer Security continues until (i) another such certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, (ii) such Bearer Security is produced to the Trustee by some other Person, (iii) such Bearer Security is surrendered in exchange for a Registered Security or (iv) such Bearer Security is no longer outstanding. The ownership of Bearer Securities may also be proved in any other reasonable manner which the Trustee deems sufficient.

(d) The ownership of Registered Securities shall be proved by the Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(f) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to an Officers' Certificate delivered to the Trustee, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent,

waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of clause (a) of this Section 1.4 not later than six months after the record date.

Section 1.5. Notices, etc., to Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Trustee Administration, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at UAL Corporation, P.O. Box 66100, Chicago, Illinois 60666, Attention: Treasurer or at any other address previously furnished in writing to the Trustee by the Company.

Section 1.6. Notice to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, (i) if any of the Securities affected by such event are Registered Securities, such notice to the Holders thereof shall be sufficiently given (unless otherwise herein expressly provided or otherwise agreed to by a Holder) if in writing and mailed, first-class postage prepaid, to each such Holder affected by such event, at his address as it appears in the Register, within the time prescribed for the giving of such notice and (ii) if any of the Securities affected by such event are Bearer Securities, notice to the Holders thereof shall be sufficiently given (unless otherwise herein or in the terms of such Bearer Securities expressly provided) if published once in an Authorized Newspaper in New York, New York, and in such other city or cities, if any, as may be specified as contemplated by Section 3.1(5).

In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any

notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of Registered Securities or the sufficiency of any notice to Holders of Bearer Securities given as provided herein. In any case where notice is given to Holders by publication, neither the failure to publish such notice, nor any defect in any notice so published, shall affect the sufficiency of such notice with respect to other Holders of Bearer Securities or the sufficiency of any notice to Holders of Registered Securities given as provided herein. Any notice mailed to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

If by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice as provided above, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder. If it is impossible or, in the opinion of the Trustee, impracticable to give any notice by publication in the manner herein required, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.7. Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.8. Successors and Assigns. All covenants and agreements in

this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Any act or proceed that is required or permitted by any provision of this Indenture and that is authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and

effect by the like board, committee or officer of any corporation that shall at the time be the successor or assign of the Company.

Section 1.9. Separability. In case any provision of this Indenture or the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of Indenture. Nothing in this Indenture or in the Securities, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, the holders of Senior Indebtedness of the Company, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.11. Governing Law. THIS INDENTURE, THE SECURITIES AND ANY COUPONS APPERTAINING THERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. This Indenture is subject to the Trust Indenture Act and if any provision hereof limits, qualifies or conflicts with the Trust Indenture Act, the Trust Indenture Act shall control.

Section 1.12. Legal Holidays. In any case where any Interest Payment Date, Redemption Date, sinking fund payment date, Stated Maturity or Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture of any Security or coupon other than a provision in the Securities of any series which specifically states that such provision shall apply in lieu of this Section) payment of principal, premium, if any, or interest need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on such date; provided that no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date, sinking fund payment date, Stated Maturity or Maturity, as the case may be.

Section 1.13. Trustee to Establish Record Dates. The Trustee shall fix a record date for the purpose of determining the Holders entitled to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders. If such a record date is fixed, the Holders on such record date and only such Holders, shall be entitled to make, give or take such request, demand, authorization, direction, notice, consent, waiver or other action, whether or not such Holders remain Holders after such record date. No such request, demand, authorization, direction, notice, consent, waiver or other action

shall be valid or effective if made, given or taken more than 90 days after such record date.

Section 1.14. No Recourse Against Others. No recourse for the payment of the principal of interest on the Securities, or for any claim based on the Securities or this Indenture, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or any indenture supplemental thereto or in any Security or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty otherwise, all such liability being, by the acceptance of a Security by each Holder and as part of the consideration for the issue of such Security, expressly waived and released.

ARTICLE 2

Security Forms

Section 2.1. Forms Generally. The Securities of each series and the coupons, if any, to be attached thereto shall be in substantially such form (including global form) as shall be established by delivery to the Trustee of an Officers' Certificate or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities and coupons, if any, as evidenced by their execution of the Securities and coupons, if any. If temporary Securities of any series are issued as permitted by Section 3.4, the form thereof also shall be established as provided in the preceding sentence. If the forms of Securities and coupons, if any, of any series are established by an Officers' Certificate, such Officers' Certificate shall be delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 3.3 for the authentication and delivery of such Securities.

Unless otherwise specified as contemplated by Section 3.1, Bearer Securities shall have interest coupons attached.

The permanent Securities and coupons, if any, shall be printed, lithographed or engraved or produced by any combination

of these methods or may be produced in any other manner, all as determined by the officers executing such Securities and coupons, if any, as evidenced by their execution of such Securities and coupons, if any.

Section 2.2. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication shall be in substantially the following form:

This is one of the Securities of a series issued under the within-mentioned Indenture.

Dated: The Bank of New York,
as Trustee

By:_____
Authorized Signatory

Section 2.3. Securities in Global Form. If securities of or within a series are issuable in whole or in part in temporary or permanent global form, as specified as contemplated by Section 3.1, then, notwithstanding clause (8) of Section 3.1(b) and the provisions of Section 3.2, any such Security shall represent such of the outstanding securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities from time to time endorsed thereon and that the aggregate amount of Outstanding Securities represented thereby may from time to time be reduced to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, or changes in the rights of Holders, of Outstanding Securities represented thereby, shall be made by the Trustee in such manner and upon instructions given by such Person or Persons as shall be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 3.3 or 3.4. Subject to the provisions of Section 3.3 and, if applicable, Section 3.4, the Trustee shall deliver and redeliver any Security in global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. Any instructions by the Company with respect to endorsement or delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 1.2 hereof and need not be accompanied by an Opinion of Counsel.

The provisions of the last paragraph of Section 3.3 shall apply to any

Security in global form if such Security was never issued and sold by the Company and the Company delivers to

the Trustee the Security in global form together with written instructions (which need not comply with Section 1.2 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last paragraph of Section 3.3.

Notwithstanding the provisions of Sections 2.1 and 3.7, unless otherwise specified as contemplated by Section 3.1, payment of principal of, premium, if any, and interest on any Security in permanent global form shall be made to the Person or Persons specified therein.

Section 2.4. Form of Legend for Securities in Global Form. Any Security in global form authenticated and delivered hereunder shall bear a legend in substantially the following form, or such other form as deemed necessary or desirable by the Company and specified in a Company Order delivered to the Trustee:

> This Security is in global form within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee of a Depositary. Unless and until it is exchanged in whole or in part for Securities in certificated form, this Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

ARTICLE 3

The Securities

Section 3.1. Amount Unlimited; Issuable in Series. (a) The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued from time to time in one or more series.

(b) The following matters shall be established and (subject to Section 3.3) set forth, or determined in the manner provided, in an Officers' Certificate and a Board Resolution of the Company, or one or more indentures supplemental hereto:

> (1) the title of the Securities of the series (which title shall distinguish the Securities of the series from all other Securities);

> (2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (which limit shall not pertain to (i) Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 3.4, 3.5, 3.6, 8.6, or 10.7 and (ii) any Securities which, pursuant to the last paragraph of Section 3.3, are deemed never to have been authenticated and delivered hereunder)
>
> (3) the date or dates on which the principal of the Securities of the series is payable or the method of determination thereof;
>
> (4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method of calculating such rate or rates of interest, the date or dates from which such interest shall accrue or the method by which such date or dates shall be determined, the Interest Payment Dates on which any such interest shall be payable and, with respect to Registered Securities, the Regular Record Date, if any, for the interest payable on any Registered Security on any Interest Payment Date;
>
> (5) the place or places where, subject to the provisions of Section

9.2, the principal of, premium, if any, and interest, if any, on Securities of the series shall be payable;

(6) the period or periods within which, the price or prices at which, the currency or currencies (including currency units) in which, and the other terms and conditions upon which, Securities of the series may be redeemed, in whole or in part, at the option of the Company and, if other than as provided in Section 10.3, the manner in which the particular Securities of such series (if less than all Securities of such series are to be redeemed) are to be selected for redemption;

(7) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or upon the happening of a specified event or at the option of a Holder thereof and the period or periods within which, the price or prices at which, and the other terms and conditions upon which, Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(8) if other than denominations of $1,000 and any integral multiple thereof, if Registered Securities, and if other than denominations of $5,000 and $100,000, if Bearer

Securities, the denominations in which Securities of the series shall be issuable;

(9) if other than Dollars, the currency or currencies (including currency units) in which the principal of, premium, if any, and interest, if any, on the Securities of the series shall be payable, or in which the Securities of the series shall be denominated, the particular provisions applicable thereto in accordance with, in addition to, or in lieu of the provisions of Section 3.11, and whether the Securities of the series may be satisfied and discharged other than as provided in Article 4;

(10) if the payments of principal of, premium, if any, or interest, if any, on the Securities of the series are to be made, at the election of the Company or a Holder, in a currency or currencies (including currency units) other than that in which such Securities are denominated or designated to be payable, the currency or currencies (including currency units) in which such payments are to be made, the terms and conditions of such payments and the manner in which the exchange rate with respect to such payments shall be determined, the particular provisions applicable thereto in accordance with, in addition to, or in lieu of the provisions of Section 3.11, and whether the Securities of the series may be satisfied and discharged other than as provided in Article 4;

(11) if the amount of payments of principal of, premium, if any, and interest, if any, on the Securities of the series shall be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on a currency or currencies (including currency units) other than that in which the Securities of the series are denominated or designated to be payable), the index, formula or other method by which such amounts shall be determined;

(12) if other than the principal amount thereof, the portion of the principal amount of such Securities of the series which shall be payable upon declaration of acceleration thereof pursuant to Section 5.2 or the method by which such portion shall be determined;

(13) if other than as provided in Section 3.7, the Person to whom any interest on any Registered Security of the series shall be payable, the manner in which, or the Person to whom, any interest on any Bearer Securities of the series shall be payable, and the extent to which, or the manner in which (including any certification requirement and other terms and conditions under which), any interest

payable on a temporary or permanent global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 2.3 and Section 3.4, as applicable;

(14) provisions, if any, granting special rights to the Holders of Securities of the series upon the occurrence of such events as may be specified;

(15) any deletions from, modifications of or additions to the Events of Default set forth in Section 5.1 or covenants of the Company set forth in Article 9 pertaining to the Securities of the series;

(16) under what circumstances, if any, the Company will pay additional amounts on the Securities of that series held by a Person who is not a U.S. Person in respect of taxes or similar charges withheld or deducted and, if so, whether the Company will have the option to redeem such Securities rather than pay such additional amounts (and the terms of any such option);

(17) whether Securities of the series shall be issuable as Registered Securities or Bearer Securities (with or without interest coupons), or both, and any restrictions applicable to the offering, sale or delivery of Bearer Securities and, if other than as provided in Section 3.5, the terms upon which Bearer Securities of a series may be exchanged for Registered Securities of the same series and vice versa;

(18) the date as of which any Bearer Securities of the series and any temporary global Security representing outstanding Securities of the series shall be dated if other than the date of original issuance of the first Security of the series to be issued;

(19) the applicability, if any, to the Securities of or within the series of Sections 4.4 and 4.5, or such other means of defeasance or covenant defeasance as may be specified for the Securities and coupons, if any, of such series, and whether, for the purpose of such defeasance or covenant defeasance, the term "Government Obligations" shall include obligations referred to in the definition of such term which are not obligations of the United States or an agency or instrumentality of the United States;

(20) if other than the Trustee, the identity of the Registrar and any Paying Agent;

(21) any terms which may be related to warrants issued by the Company in connection with, or for the purchase of, Securities of such series, including whether and under what circumstances the Securities of any series may be used toward the exercise price of any such warrants;

(22) the designation of the initial Exchange Rate Agent, if any;

(23) whether Securities of the series shall be issued in whole or in part in temporary or permanent global form and, if so, (i) the initial Depositary for such global Securities and (ii) if other than as provided in Section 3.4 or 3.5, as applicable, whether and the circumstance under which beneficial owners of interests in any Securities of the series in temporary or permanent global form may exchange such interests for Securities of such series and of like tenor of any authorized form and denomination;

(24) whether Securities of the Series shall be convertible into shares of common stock of the Company and the terms and conditions upon which the Securities will be convertible, including the conversion price, the conversion period and other conversion provisions;

(25) if other than as provided in Article 12, the terms and conditions under which the Securities will be subordinated to the Senior Indebtedness of the Company; and

(26) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture), including any terms which may be required by or advisable under United States laws or regulations or advisable in connection with the marketing of Securities of the series.

(c) All Securities of any one series and coupons, if any, appertaining to any Bearer Securities of such series shall be substantially identical except as to denomination and the rate or rates of interest, if any, and Stated

Maturity, the date from which interest, if any, shall accrue and except as may otherwise be provided in or pursuant to an Officers' Certificate pursuant to this Section 3.1 or in an indenture supplemental hereto. All Securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the Holders, for issuances of additional Securities of such series or for the establishment of additional terms with respect to the Securities of such series.

(d) If any of the terms of the Securities of any series are established by action taken pursuant to a Board Resolution, a copy of such Board Resolution shall be certified by

the Corporate Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate of the Company, setting forth, or providing the manner for determining, the terms of the Securities of such series, and an appropriate record of any action taken pursuant thereto in connection with the issuance of any Securities of such series shall be delivered to the Trustee prior to the authentication and delivery thereof. With respect to Securities of a series subject to a Periodic Offering, such Board Resolutions or Officers' Certificates may provide general terms for Securities of such series and provide either that the specific terms of particular Securities of such series shall be specified in a Company Order, or that such terms shall be determined by the Company, or one or more of its agents designated in the Officers' Certificate, in accordance with the Company Order, as contemplated by the first proviso of the third paragraph of Section 3.3.

(e) Each Security issued hereunder shall provide that the Company and, by its acceptance of a Security or a beneficial interest therein, the Holder of, and any Person that acquires a beneficial interest in, such Security agree that for United States federal, state and local tax purposes it is intended that such Security constitute indebtedness.

Section 3.2. Denominations. Unless otherwise provided as contemplated by Section 3.1, any Registered Securities of a series shall be issuable in denominations of $1,000 and any integral multiple thereof and any Bearer Securities of a series shall be issuable in denominations of $5,000 and $100,000.

Section 3.3. Execution, Authentication, Delivery and Dating. Securities shall be executed on behalf of the Company by its Chairman or President and Chief Executive Officer and attested to by the Secretary of the Company. The Company's seal shall be affixed to the Securities or a facsimile of such seal shall be engraved, printed, or otherwise reproduced on the Securities. The signatures of such officers on the Securities may be manual or facsimile. The coupons, if any, of Bearer Securities shall bear the facsimile signature of the Chairman or President and Chief Executive Officer and shall be attested by the Secretary of the Company.

Securities and coupons bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time, the Company may deliver Securities and any coupons appertaining thereto, of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and make available for delivery such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities; provided, however, that in the case of Securities offered in a Periodic Offering, the Trustee shall authenticate and deliver such Securities from time to time in accordance with such other procedures (including, without limitation, the receipt by the Trustee of oral or electronic instructions from the Company or its duly authorized agents, promptly confirmed in writing) acceptable to the Trustee as may be specified by or pursuant to a Company Order delivered to the Trustee prior to the time of the first authentication of Securities of such series.

If the form or terms of the Securities of a series have been established by or pursuant to one or more Officers' Certificates as permitted by Sections 2.1 and 3.1, in authenticating such Securities and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to section 315(a) through (d) of the Trust Indenture Act) shall be fully protected in relying upon, an Opinion of Counsel stating,

(1) that the forms and terms of such Securities and any coupons have been established in conformity with the provisions of this Indenture; and

(2) that such Securities together with any coupons appertaining thereto, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to customary exceptions;

provided, however, that, with respect to Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel only once at or prior to the time of the first authentication of Securities of such series and that the Opinion of Counsel above may state:

(x) that the forms of such Securities have been, and the terms of such Securities (when established in accordance with such procedures as may be specified from time to time in a Company Order, all as contemplated by and in accordance with a Board

Resolution or an Officers' Certificate pursuant to Section 3.1, as the case may be) will have been, established in conformity with the provisions of this Indenture; and

(y) that such Securities together with the coupons, if any, appertaining thereto, when (1) executed by the Company, (2) completed, authenticated and delivered by the Trustee in accordance with this Indenture, and (3) issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to customary exceptions.

With respect to Securities of a series subject to a Periodic Offering, the Trustee may conclusively rely, as to the authorization by the Company of any of such Securities, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and other documents delivered pursuant to Sections 2.1 and 3.1 of this Section, as applicable, at or prior to the time of the first authentication of Securities of such series unless and until it has received written notification that such opinion or other documents have been superseded or revoked. In connection with the authentication and delivery of Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to assume that the Company's instructions to authenticate and deliver such Securities do not violate any rules, regulations or orders of any governmental agency or commission having jurisdiction over the Company.

If the form or terms of the Securities of a series have been established by or pursuant to one or more Officers' Certificates as permitted by Sections 2.1 and 3.1, the Trustee shall have the right to decline to authenticate such Securities if the issue of such Securities pursuant to this Indenture will adversely affect the Trustee's own rights, duties or immunities under this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee. Notwithstanding the generality of the foregoing, the Trustee will not be required to authenticate Securities denominated in a Foreign Currency if the Trustee reasonably believes that it would be unable to perform its duties with respect to such Securities.

Notwithstanding the provisions of Section 3.1 and of the two preceding paragraphs, if all of the Securities of any series are not to be issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required

pursuant to Section 3.1 at or prior to the time of the authentication of each Security of such series if such Officers' Certificate is delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

If the Company shall establish pursuant to Section 3.1 that the Securities of a series are to be issued in whole or in part in global form, then the Company shall execute and the Trustee shall, in accordance with this Section and the Company Order with respect to such series, authenticate and deliver one or more Securities in global form that (i) shall represent and shall be denominated in an amount equal to the aggregate principal amount of the Outstanding Securities of such series to be represented by such Security or Securities in global form, (ii) shall be registered, if a Registered Security, in the name of the Depositary for such Security or Securities in global form or the nominee of such Depositary and (iii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary's instruction.

Each Depositary designated pursuant to Section 3.1 for a Registered Security in global form must, at the time of its designation and at all times while it serves as Depositary, be a clearing agency registered under the Securities Exchange Act of 1934 and any other applicable statute or regulation. The Trustee shall have no responsibility to determine if the Depositary is so registered. Each Depositary shall enter into an agreement with the Trustee governing the respective duties and rights of such Depositary and the Trustee with regard to Securities issued in global form.

Each Registered Security shall be dated the date of its authentication and each Bearer Security (including a Bearer Security represented by a temporary global Security) shall be dated as of the date specified as contemplated by Section 3.1.

No Security or coupon appertaining thereto shall be entitled to any benefits under this Indenture or be valid or obligatory for any purpose until such Security is authenticated by the manual signature of one of the authorized signatories of the Trustee or an Authenticating Agent. Such signature upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered under this Indenture and is entitled to the benefits of this Indenture. Except as permitted by Section 3.6 or 3.7, the Trustee shall not authenticate and deliver any Bearer Security unless all appurtenant coupons for interest then matured have been detached and cancelled.

Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 3.9 together with a written statement (which need not comply with Section 1.2 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall not be entitled to the benefits of this Indenture.

Section 3.4. Temporary Securities. Pending the preparation of definitive Securities of any series, the Company may execute and, upon Company Order, the Trustee shall authenticate and deliver temporary Securities of such series which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor and form, with or without coupons, of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities and coupons, if any. In the case of Securities of any series, such temporary Securities may be in global form.

Except in the case of temporary Securities in global form, each of which shall be exchanged in accordance with the provisions thereof, if temporary Securities of any series are issued, the Company will cause permanent Securities of such series to be prepared without unreasonable delay. After preparation of such permanent Securities, the temporary Securities shall be exchangeable for such permanent Securities of like tenor upon surrender of the temporary Securities of such series at the office or agency of the Company pursuant to Section 9.2 in a Place of Payment for such series, without charge to the Holder.

Upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any unmatured coupons appertaining thereto), the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of permanent Securities of the same series of authorized denominations and of like tenor; provided, however, that no permanent Bearer Security shall be delivered in exchange for a temporary Registered Security; and provided further that no permanent Bearer Security shall be delivered in exchange for a temporary Bearer Security unless the Trustee shall have received from the person entitled to receive the definitive Bearer Security a certificate substantially in the form approved in the Officers' Certificate relating thereto and such delivery shall occur only outside the United States. Until so exchanged, the temporary Securities of any series shall in all

respects be entitled to the same benefits under this Indenture as permanent Securities of such series except as otherwise specified as contemplated by Section 3.1.

Section 3.5. Registration, Registration of Transfer and Exchange. The Company shall cause to be kept at the Corporate Trust Office of the Trustee or in any office or agency to be maintained by the Company in accordance with Section 9.2 in a Place of Payment a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Registered Securities and the registration of transfers of Registered Securities. The Register shall be in written form or any other form capable of being converted into written form within a reasonable time. The Trustee is hereby appointed "Registrar" for the purpose of registering Registered Securities and transfers of Registered Securities as herein provided.

Upon surrender for registration of transfer of any Registered Security of any series at the office or agency maintained pursuant to Section 9.2 in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor.

Bearer Securities or any coupons appertaining thereto shall be transferable by delivery.

At the option of the Holder, Registered Securities of any series (except a Registered Security in global form) may be exchanged for other Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount containing identical terms and provisions, upon surrender of the Registered Securities to be exchanged at such office or agency. Whenever any Registered Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Registered Securities which the Holder making the exchange is entitled to receive. Unless otherwise specified as contemplated by Section 3.1, Bearer Securities may not be issued in exchange for Registered Securities.

Unless otherwise specified as contemplated by Section 3.1, at the option of the Holder, Bearer Securities of such series may be exchanged for Registered Securities (if the Securities of such series are issuable in registered form) or Bearer Securities (if Bearer Securities of such series are issuable in more than one denomination and such exchanges are permitted by such series) of the same series, of any authorized

denominations and of like tenor and aggregate principal amount, upon surrender of the Bearer Securities to be exchanged at any such office or agency, with all unmatured coupons and all matured coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured coupon or coupons or matured coupon or coupons in default, such exchange may be effected if the Bearer Securities are accompanied by payment in funds acceptable to the Company and the Trustee in an amount equal to the face amount of such missing coupon or coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such

payment; provided, however, that, except as otherwise provided in Section 9.2, interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency located outside the United States. Notwithstanding the foregoing, in case any Bearer Security of any series is surrendered at any such office or agency in exchange for a Registered Security of the same series after the close of business at such office or agency on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date or proposed date of payment, as the case may be (or, if such coupon is so surrendered with such Bearer Security, such coupon shall be returned to the person so surrendering the Bearer Security), and interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon, when due in accordance with the provisions of this Indenture.

Notwithstanding any other provision (other than the provisions set forth in the seventh and eighth paragraphs of this Section) of this Section, unless and until it is exchanged in whole or in part for Securities in certificated form, a Security in global form representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depositary for such series to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary for such series or a nominee of such successor Depositary.

If at any time the Depositary for the Securities of a series notifies the Company that it is unwilling or unable to continue as Depositary for the Securities of such series or if at any time the Depositary for the Securities of such series shall no longer be eligible under Section 3.3, the Company shall appoint a successor Depositary with respect to the Securities of such series. If a successor Depositary for the Securities of such series is not appointed by the Company within 90 days after the issuer receives such notice or becomes aware of such ineligibility, the Company's election pursuant to Section 3.1 shall no longer be effective with respect to the Securities of such series and the Company shall execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of certificated Securities of such series of like tenor, shall authenticate and deliver Securities of such series of like tenor in certificated form, in authorized denominations and in an aggregate principal amount equal to the principal amount of the Security or Securities of such series of like tenor in global form in exchange for such Security or Securities in global form.

The Company may at any time in its sole discretion determine that Securities of a series issued in global form shall no longer be represented by such a Security or Securities in global form. In such event the Company shall execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of certificated Securities of such series of like tenor, shall authenticate and deliver, Securities of such series of like tenor in certificated form, in authorized denominations and in an aggregate principal amount equal to the principal amount of the Security or Securities of such series of like tenor in global form in exchange for such Security or Securities in global form.

If specified by the Company pursuant to Section 3.1 with respect to a series of Securities, the Depositary for such series may surrender a Security in global form of such series in exchange in whole or in part for Securities of such series in certificated form on such terms as are acceptable to the Company and such Depositary. Thereupon, the Company shall execute, and the Trustee shall authenticate and deliver, without service charge,

(i) to each Person specified by such Depositary a new certificated Security or Securities of the same series of like tenor, of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Security in global form; and

(ii) to such Depositary a new Security in global form of like tenor in a denomination equal to the difference, if

any, between the principal amount of the surrendered Security in global form and the aggregate principal amount of certificated Securities delivered to Holders thereof.

Upon the exchange of a Security in global form for Securities in certificated form, such Security in global form shall be cancelled by the Trustee. Unless expressly provided with respect to the Securities of any series that such Security may be exchanged for Bearer Securities, Securities in certificated form issued in exchange for a Security in global form pursuant to this Section shall be registered in such names and in such authorized denominations as the Depositary for such Security in global form, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

Whenever any Securities are surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or upon any exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Registrar or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to those of the Company, the Registrar and the Trustee requiring such written instrument of transfer duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or for any exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration or transfer or exchange of Securities, other than exchanges pursuant to Section 3.4 or 10.7 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of, or exchange any Securities for a period beginning at the opening of business 15 days before any selection for redemption of Securities of like tenor and of the series of which such Security is a part and ending at the close of business on the earliest date on which the relevant notice of redemption

is deemed to have been given to all Holders of Securities of like tenor and of such series to be redeemed; (ii) to register the transfer of or exchange any Registered Security so selected for redemption, in whole or in part, except the unredeemed portion of any Security being redeemed in part; or (iii) to exchange any Bearer Security so selected for redemption, except that such a Bearer Security may be exchanged for a Registered Security of that series and like tenor; provided that such Registered Security shall be simultaneously surrendered for redemption.

Section 3.6. Replacement Securities. If a mutilated Security or a Security with a mutilated coupon appertaining to it is surrendered to the Trustee, together with, in proper cases, such security or indemnity as may be required by the Company or the Trustee to save each of them harmless, the Company shall execute and the Trustee shall authenticate and deliver a replacement Registered Security, if such surrendered Security was a Registered Security, or a replacement Bearer Security with coupons corresponding to the coupons appertaining to the surrendered Security, if such surrendered Security was a Bearer Security, of the same series and date of maturity, if the Trustee's requirements are met.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security or Security with a destroyed, lost or stolen coupon and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the

Trustee that such Security or coupon has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver in lieu of any such destroyed, lost or stolen Security or in exchange for the Security to which a destroyed, lost or stolen coupon appertains (with all appurtenant coupons not destroyed, lost or stolen), a replacement Registered Security, if such Holder's claim appertains to a Registered Security, or a replacement Bearer Security with coupons corresponding to the coupons appertaining to the destroyed, lost or stolen Bearer Security or the Bearer Security to which such lost, destroyed or stolen coupon appertains, if such Holder's claim appertains to a Bearer Security, of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding with coupons corresponding to the coupons, if any, appertaining to the destroyed, lost or stolen Security.

In case any such mutilated, destroyed, lost or stolen Security or coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security or coupon, pay such Security or coupon; provided, however, that payment of principal of and any premium or interest

on Bearer Securities shall, except as otherwise provided in Section 9.2, be payable only at an office or agency located outside the United States and, unless otherwise specified as contemplated by Section 3.1, any interest on Bearer Securities shall be payable only upon presentation and surrender of the coupons appertaining thereto.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series with its coupons, if any, issued pursuant to this Section in lieu of any destroyed, lost or stolen Security, or in exchange for a Security to which a destroyed, lost or stolen coupon appertains, shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security and its coupon, if any, or the destroyed, lost or stolen coupon, shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series and their coupons, if any, duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons.

Section 3.7. Payment of Interest; Interest Rights Preserved. (a) Unless otherwise provided as contemplated by Section 3.1, interest, if any, on any Registered Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency maintained for such purpose pursuant to Section 9.2; provided, however, that, at the option of the Company, interest on any series of Registered Securities that bear interest may be paid (i) by check mailed to the address of the Person entitled thereto as it shall appear on the Register of Holders of Securities of such series or (ii) to the extent specified as contemplated by Section 3.1, by wire transfer to an account maintained by the Person entitled thereto as specified in the Register of Holders of Securities of such series.

Unless otherwise provided as contemplated by Section 3.1, (i) interest, if any, on Bearer Securities shall be paid only against presentation and surrender of the coupons for

such interest installments as are evidenced thereby as they mature and (ii) original issue discount, if any, on Bearer Securities shall be paid only against presentation and surrender of such Securities; in either case at the office of a Paying Agent located outside the United States, unless the Company shall have otherwise instructed the Trustee in writing provided that any such instruction for payment in the United States does not cause any Bearer Security to be

treated as a "registration-required obligation" under the United States law and regulations. The interest, if any, on any temporary Bearer Security shall be paid, as to any installment of interest evidenced by a coupon attached thereto only upon presentation and surrender of such coupon and, as to other installments of interest, only upon presentation of such Security for notation thereon of the payment of such interest. If at the time a payment of principal of or interest, if any, on a Bearer Security or coupon shall become due, the payment of the full amount so payable at the office or offices of all the Paying Agents outside the United States is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the payment of such amount in Dollars, then the Company may instruct the Trustee to make such payments at a Paying Agent located in the United States, provided that provision for such payment in the United States would not cause such Bearer Security to be treated as a "registration-required obligation" under the United States law and regulations.

(b) Unless otherwise provided as contemplated by Section 3.1, any interest on any Registered Security of any series which is payable, but is not punctually paid or duly provided for, on any interest payment date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause (1) provided. Thereupon the Trustee shall fix a Special Record

Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of such series at his address as it appears in the Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a specified date in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause (2), such manner of payment shall be deemed practicable by the Trustee.

(c) Subject to the foregoing provisions of this Section and Section 3.5, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 3.8. Persons Deemed Owners. Prior to due presentment of any Registered Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Registered Security for

the purpose of receiving payment of principal of, premium, if any, and (subject to Section 3.7) interest on such Registered Security and for all other purposes whatsoever, whether or not such Registered Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

The Company, the Trustee and any agent of the Company or the Trustee may treat the bearer of any Bearer Security and the bearer of any coupon as the absolute owner of such Bearer Security or coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Bearer Security or coupon be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee or any agent of the Company or the Trustee shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Notwithstanding the foregoing, with respect to any Security in global form, nothing herein shall prevent the Company or the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any Depositary (or its nominee), as a Holder, with respect to such Security in global form or impair, as between such Depositary and owners of beneficial interests in such Security in global form, the operation of customary practices governing the exercise of the rights of such Depositary (or its nominee) as Holder of such Security in global form.

Section 3.9. Cancellation. The Company at any time may deliver Securities and coupons to the Trustee for cancellation. The Registrar and any Paying Agent shall forward to the Trustee any Securities and coupons surrendered to them for replacement, for registration of transfer, or for exchange or payment. The Trustee shall cancel all Securities and coupons surrendered for replacement, for registration of transfer, or for exchange, payment, redemption or cancellation and may dispose of cancelled Securities and coupons and issue a certificate of destruction to the Company. The Company may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation, except as expressly permitted in the terms of Securities for any particular series or as permitted pursuant to the terms of this Indenture.

Section 3.10. Computation of Interest. Except as otherwise specified as contemplated by Section 3.1, (i) interest on any Securities that bear interest at a fixed rate shall be computed on the basis of a 360-day year of twelve 30-day months and, for any period shorter than a full calendar month, on the basis of the actual number of days elapsed in such period, and (ii) interest on any Securities that bear interest at a variable rate shall be computed on the basis of the actual number of days in an interest period divided by 360 or the actual number of days in the year.

Section 3.11. Currency and Manner of Payment in Respect of Securities. (a) Unless otherwise specified with respect to any Securities pursuant to Section 3.1, with respect to Registered Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, and with respect to Bearer Securities of any series, except as provided in paragraph (d) below, payment of the principal of, premium, if any, and interest, if any, on any Registered or Bearer Security of such series will be made in the currency or currencies or currency unit or units in which such Registered Security or Bearer Security, as the case may be, is payable. The provisions of this Section 3.11 may be modified or superseded pursuant to Section 3.1 with respect to any Securities. For all purposes of this Indenture, currency units shall include any composite currency.

(b) It may be provided pursuant to Section 3.1, with respect to Registered Securities of any series, that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of, premium, if any, or interest, if any, on such Registered Securities in any of the currencies or currency units which may be designated for such election by delivering to the Trustee (or the applicable Paying Agent) a written election

with signature guarantees and in the applicable form established pursuant to Section 3.1, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such currency or currency unit, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee (or any applicable Paying Agent) for such series of Registered Securities (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date, and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Company has deposited funds pursuant to Article 4 or with respect to which a notice of redemption has been given by the Company). Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee (or any applicable Paying Agent) not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant currency or currency unit as provided in Section 3.11(a). The Trustee (or the applicable Paying Agent) shall notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) If the election referred to in paragraph (b) above has been provided for with respect to any Registered Securities of a series pursuant to Section 3.1, then, unless otherwise specified pursuant to Section 3.1 with respect to any such Registered Securities, not later than the fourth Business Day after the Election Date for each payment date for such Registered Securities, the Exchange Rate Agent will deliver to the Company a written notice specifying, in the currency or currencies or currency unit or units in which Registered Securities of such series are payable, the respective aggregate amounts of principal of, premium, if any, and interest, if any, on such Registered Securities to be paid on such payment date, and specifying the amounts in such currency or currencies or currency unit or units so payable in respect of such Registered Securities as to which the Holders of Registered Securities denominated in any currency or currencies or currency unit or units shall have elected to be paid in another currency or currency unit as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for with respect to any Registered Securities of a series pursuant to Section 3.1, and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 3.1, on the second Business Day preceding such payment date the Company will deliver to the Trustee (or the applicable Paying Agent) an Exchange Rate Officers' Certificate in respect of the Dollar, Foreign Currency or Currencies, ECU or other currency unit payments to be made on such payment date. Unless otherwise specified pursuant to Section 3.1, the Dollar, Foreign Currency or Currencies, ECU or other currency unit amount receivable by Holders of Registered Securities who have elected payment in a currency or currency unit as provided in paragraph (b) above shall be determined by the Company on the basis of the applicable Market Exchange Rate in effect on the second Business Day (the "Valuation Date") immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign Currency, ECU or any other currency unit in which any of the Securities are denominated or payable otherwise than pursuant to an election provided for pursuant to paragraph (b) above, then, with respect to each date for the payment of principal of, premium, if any, and interest, if any, on the applicable Securities denominated or payable in such Foreign Currency, ECU or such other currency unit occurring after the last date on which such Foreign Currency, ECU or such other currency unit was used (the "Conversion Date"), the Dollar shall be the currency of payment for use on each such payment date (but such Foreign Currency, ECU or such other currency unit that was previously the currency of payment shall, at the Company's election, resume being the currency of payment on the first such payment date

preceded by 15 Business Days during which the circumstances which gave rise to the Dollar becoming such currency no longer prevail). Unless otherwise specified pursuant to Section 3.1, the Dollar amount to be paid by the Company

to the Trustee or any applicable Paying Agent and by the Trustee or any applicable Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a Foreign Currency that is a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 3.1, if the Holder of a Registered Security denominated in any currency or currency unit shall have elected to be paid in another currency or currency unit or in other currencies as provided in paragraph (b) above, and (i) a Conversion Event occurs with respect to any such elected currency or currency unit, such Holder shall receive payment in the currency or currency unit in which payment would have been made in the absence of such election and (ii) if a Conversion Event occurs with respect to the currency or currency unit in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) of this Section 3.11 (but, subject to any contravening valid election pursuant to paragraph (b) above, the elected payment currency or currency unit, in the case of the circumstances described in clause (i) above, or the payment currency or currency unit in the absence of such election, in the case of the circumstances described in clause (ii) above, shall, at the Company's election, resume being the currency or currency unit of payment with respect to Holders who have so elected, but only with respect to payments on payment dates preceded by 15 Business Days during which the circumstances which gave rise to such currency or currency unit, in the case of the circumstances described in clause (i) above, or the Dollar, in the case of the circumstances described in clause (ii) above, becoming the currency or currency unit, as applicable, of payment, no longer prevail).

(f) The "Dollar Equivalent of the Foreign Currency" shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date by the Exchange Rate Agent by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The "Dollar Equivalent of the Currency Unit" shall be determined by the Exchange Rate Agent and, subject to the provisions of paragraph (h) below, shall be the sum of each amount obtained by converting the Specified Amount of each

Component Currency (as each such term is defined in paragraph (h) below) into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 3.11 the following terms shall have the following meanings:

A "Component Currency" shall mean any currency which, on the Conversion Date, was a component currency of the relevant currency unit, including, but not limited to, ECU.

"Election Date" shall mean the Regular Record Date for the applicable series of Registered Securities as specified pursuant to Section 3.1 by which the written election referred to in Section 3.11(b) may be made.

A "Specified Amount" of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which such Component Currency represented in the relevant currency unit, including, but not limited to, ECU, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single currency, and such amount shall thereafter be a Specified Amount and such single currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by specified amounts of such two or more currencies, the sum of which, at the Market Exchange Rate of such two or more currencies on the date of such replacement, shall be equal to the Specified

Amount of such former Component Currency and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant currency unit, including, but not limited to, ECU, a Conversion Event (other than any event referred to above in this definition of "Specified Amount") occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company, the Trustee (and any applicable Paying Agent) and all Holders of Securities denominated or payable in the relevant currency, currencies or currency units. The Exchange Rate Agent shall promptly give written notice to the Company and the Trustee of any such decision or determination.

In the event that the Company determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Company will promptly give written notice thereof to the Trustee (or any applicable Paying Agent) and to the Exchange Rate Agent (and the Trustee (or such Paying Agent) will promptly thereafter give notice in the manner provided in Section 1.6 to the affected Holders) specifying the Conversion Date. In the event the Company so determines that a Conversion Event has occurred with respect to ECU or any other currency unit in which Securities are denominated or payable, the Company will promptly give written notice thereof to the Trustee (or any applicable Paying Agent) and to the Exchange Rate Agent (and the Trustee (or such Paying Agent) will promptly thereafter give notice in the manner provided in Section 1.6 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Company determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Company will similarly give written notice to the Trustee (or any applicable Paying Agent) and to the Exchange Rate Agent.

The Trustee of the appropriate series of Securities shall be fully justified and protected in relying and acting upon information received by it from the Company and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Company or the Exchange Rate Agent.

Section 3.12. Appointment and Resignation of Exchange Rate Agent. (a) Unless otherwise specified pursuant to Section 3.1, if and so long as the Securities of any series (i) are denominated in a currency other than Dollars or (ii) may be payable in a currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent. The Company will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the

manner specified pursuant to Section 3.11 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued currency or currencies or currency unit or units into the applicable payment currency or currency unit for the payment of principal, premium, if any, and interest, if any, pursuant to Section 3.11.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Company and the Trustee of the appropriate series of Securities accepting such appointment executed by the successor Exchange Rate Agent.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange

Rate Agent for any cause, with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 3.1, at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Company on the same date and that are initially denominated and/or payable in the same currency or currencies or currency unit or units).

Section 3.13. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers (in addition to the other identification numbers printed on the Securities) in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE 4

Satisfaction, Discharge and Defeasance

Section 4.1. Termination of Company's Obligations Under the Indenture. Except as otherwise provided as contemplated by Section 3.1, this Indenture shall upon Company Request cease to be of further effect with respect to Securities

of or within any series and any coupons appertaining thereto (except as to any surviving rights of registration of transfer or exchange of such Securities and replacement of such Securities which may have been lost, stolen or mutilated as herein expressly provided for) and the Trustee, at the expense of the Company shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to such Securities and any coupons appertaining thereto when

(1) either

(A) all such Securities previously authenticated and delivered and all coupons appertaining thereto (other than (i) such coupons appertaining to Bearer Securities surrendered in exchange for Registered Securities and maturing after such exchange, surrender of which is not required or has been waived as provided in Section 3.5, (ii) such Securities and coupons which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.6, (iii) such coupons appertaining to Bearer Securities called for redemption and maturing after the relevant Redemption Date, surrender of which has been waived as provided in Section 10.6 and (iv) such Securities and coupons for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 9.3) have been delivered to the Trustee for cancellation; or

(B) all Securities of such series and, in the case of (i) or (ii) below, any coupons appertaining thereto not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) if redeemable at the option of the Company, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount in the currency or currencies or

currency unit or units in which the Securities of such series are payable, sufficient to pay and discharge the entire indebtedness on such Securities and such coupons not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and interest, with respect thereto, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligation of the Company to the Trustee and any predecessor Trustee under Section 6.9, the obligations of the Company to any Authenticating Agent under Section 6.14 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 4.2 and the last paragraph of Section 9.3 shall survive.

Section 4.2. Application of Trust Funds. Subject to the provisions of the last paragraph of Section 9.3, all money deposited with the Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities, the coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, and any interest for whose payment such money has been deposited with or received by the Trustee, but such money need not be segregated from other funds except to the extent required by law.

Section 4.3. Applicability of Defeasance Provisions; Company's Option to Effect Defeasance or Covenant Defeasance. If pursuant to Section 3.1 provision is made for either or both of (i) defeasance of the Securities of or within a series under Section 4.4 or (ii) covenant defeasance of the Securities of or within a series under Section 4.5, then the provisions of such Section or Sections, as the case may be, together with the provisions of Sections 4.6 through 4.9 inclusive, with such modifications thereto as may be specified pursuant to Section 3.1 with respect to any Securities, shall be applicable to such Securities and any coupons appertaining thereto, and the Company

may at its option by Board Resolution, at any time, with respect to such Securities and any coupons appertaining thereto, elect to have Section 4.4 (if applicable) or Section 4.5 (if applicable) be applied to such Outstanding Securities and any coupons appertaining thereto upon compliance with the conditions set forth below in this Article.

Section 4.4. Defeasance and Discharge. Upon the Company's exercise of the option specified in Section 4.3 applicable to this Section with respect to the Securities of or within a series, the Company shall be deemed to have been discharged from its obligations with respect to such Securities and any coupons appertaining thereto on the date the conditions set forth in Section 4.6 are satisfied (hereinafter "defeasance"). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Securities and any coupons appertaining thereto which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 4.7 and the other Sections of this Indenture referred to in clause (ii) of this Section, and to have satisfied all its other obligations under such Securities and any coupons appertaining thereto and this Indenture insofar as such Securities and any coupons appertaining thereto are concerned (and the Trustee, at the expense of the Company, shall on Company Order execute proper

instruments acknowledging the same), except the following which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of such Securities and any coupons appertaining thereto to receive, solely from the trust funds described in Section 4.6(a) and as more fully set forth in such Section, payments in respect of the principal of, premium if any, and interest, if any, on such Securities or any coupons appertaining thereto when such payments are due; (ii) the Company's obligations with respect to such Securities under Sections 3.5, 3.6, 9.2 and 9.3 and with respect to the payment of additional amounts if any, payable with respect to such Securities as specified pursuant to Section 3.1(b)(16); (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder; and (iv) this Article 4. Subject to compliance with this Article 4, the Company may exercise its option under this Section notwithstanding the prior exercise of its option under Section 4.5 with respect to such Securities and any coupons appertaining thereto. Following a defeasance, payment of such Securities may not be accelerated because of an Event of Default.

Section 4.5. Covenant Defeasance. Upon the Company's exercise of the option specified in Section 4.3 applicable to this Section with respect to any Securities of or within a series, the Company shall be released from its obligations under Article 7 and Sections 9.4 and 9.5, and, if specified pursuant to Section 3.1, its obligations under any other covenant, with

respect to such Securities and any coupons appertaining thereto on and after the date the conditions set forth in Section 4.6 are satisfied (hereinafter, "covenant defeasance"), and such Securities and any coupons appertaining thereto shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with Article 7 and Sections 9.4 and 9.5, or such other covenant, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Securities and any coupons appertaining thereto, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or such other covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or such other covenant or by reason of reference in any such Section or such other covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.1(3) or 5.1(5) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Securities and any coupons appertaining thereto shall be unaffected thereby.

Section 4.6. Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to application of Section 4.4 or Section 4.5 to any Securities of or within a series and any coupons appertaining thereto:

(a) The Company shall have deposited or caused to be deposited irrevocably with the Trustee (or another trustee satisfying the requirements of Section 6.11 who shall agree to comply with, and shall be entitled to the benefits of, the provisions of Sections 4.3 through 4.9 inclusive and the last paragraph of Section 9.3 applicable to the Trustee, for purposes of such Sections also a "Trustee") as trust funds in trust for the purpose of making the payments referred to in clauses (x) and (y) of this Section 4.6(a), specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities and any coupons appertaining thereto, with instructions to the Trustee as to the application thereof, (A) money in an amount (in such currency, currencies or currency unit in which such Securities and any coupons appertaining thereto are then specified as payable at Maturity), or (B) if Securities of such series are not subject to repayment at the option of Holders, Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment referred to in clause (x) or (y) of this Section 4.6(a), money in an amount or (C) a combination

thereof in an amount, sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, (x) the

principal of, premium, if any, and interest, if any, on such Securities and any coupons appertaining thereto on the Maturity of such principal or installment of principal or interest and (y) any mandatory sinking fund payments applicable to such Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and such Securities and any coupons appertaining thereto. Before such a deposit the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date or dates in accordance with Article 10 which shall be given effect in applying the foregoing.

(b) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default or Event of Default under, this Indenture or result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Company is a party or by which it is bound.

(c) No Default or Event of Default under Section 5.1(4) or 5.1(5) with respect to such Securities and any coupons appertaining thereto shall have occurred and be continuing during the period commencing on the date of such deposit and ending on the 91st day after such date (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(d) In the case of an election under Section 4.4, the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities and any coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit, defeasance and discharge had not occurred.

(e) In the case of an election under Section 4.5, the Company shall have delivered to the Trustee an Opinion of

Counsel to the effect that the Holders of such Securities and any coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(f) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance under Section 4.4 or the covenant defeasance under Section 4.5 (as the case may be) have been complied with and an Opinion of Counsel to the effect that either (i) as a result of a deposit pursuant to subsection (a) above and the, related exercise of the Company's option under Section 4.4 or Section 4.5 (as the case may be), registration is not required under the Investment Company Act of 1940, as amended, by the Company, with respect to the trust funds representing such deposit or by the trustee for such trust funds or (ii) all necessary registrations under said act have been effected.

(g) Such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations which may be imposed on the Company in connection therewith as contemplated by Section 3.1.

Section 4.7. Deposited Money and Government Obligations to Be Held in Trust. Subject to the provisions of the last paragraph of Section 9.3, all money and Government Obligations (or other property as may be provided pursuant to Section 3.1) (including the proceeds thereof) deposited with the Trustee pursuant to Section 4.6 in respect of any Securities of any series and any coupons appertaining thereto shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and any coupons appertaining thereto and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent)

as the Trustee may determine, to the Holders of such Securities and any coupons appertaining thereto of all sums due and to become due thereon in respect of principal, premium, if any, and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

Unless otherwise specified with respect to any Security pursuant to Section 3.1, if, after a deposit referred to in Section 4.6(a) has been made, (i) the Holder of a Security in respect of which such deposit was made is entitled to, and does, elect pursuant to Section 3.11(b) or the terms of such Security

to receive payment in a currency or currency unit other than that in which the deposit pursuant to Section 4.6(a) has been made in respect of such Security, or (ii) a Conversion Event occurs as contemplated in Section 3.11(d) or 3.11(e) or by the terms of any Security in respect of which the deposit pursuant to Section 4.6(a) has been made, the indebtedness represented by such Security and any coupons appertaining thereto shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of, premium, if any, and interest, if any, on such Security as the same becomes due out of the proceeds yielded by converting (from time to time as specified below in the case of any such election) the amount or other property deposited in respect of such Security into the currency or currency unit in which such Security becomes payable as a result of such election or Conversion Event based on the applicable Market Exchange Rate for such currency or currency unit in effect on the second Business Day prior to each payment date, except in the case of a Conversion Event with respect to such currency or currency unit which is in effect (as nearly as feasible) at the time of the Conversion Event.

Section 4.8. Transfers and Distribution at Company Request. To the extent permitted by the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 76, as amended or interpreted by the Financial Accounting Standards Board from time to time, or any successor thereto ("Standard No. 76"), or to the extent permitted by the Commission, the Trustee shall, from time to time, take one or more of the following actions as specified in a Company Request:

(a) Retransfer, reassign and deliver to the Company any securities deposited with the Trustee pursuant to Section 4.6(a), provided that the Company shall in substitution therefor, simultaneously transfer, assign and deliver to the Trustee other Government Obligations appropriate to satisfy the Company's obligations in respect of the relevant Securities; and

(b) The Trustee (and any Paying Agent) shall promptly pay to the Company upon Company Request, any excess money or securities held by them at any time, including, without limitation, any assets deposited with the Trustee pursuant to Section 4.6(a) exceeding those necessary for the purposes of Section 4.6(a).

The Trustee shall not take the actions described in subsections (a) and (b) of this Section 4.8 unless it shall have first received a written report of Arthur Andersen LLP, or another nationally recognized independent public accounting firm, (i) expressing their opinion that the contemplated action is permitted by Standard No. 76 or the Commission, for transactions

accounted for as extinguishment of debt under the circumstances described in paragraph 3.c of Standard No. 76 or any successor provision, and (ii) verifying the accuracy, after giving effect to such action or actions, of the computations which demonstrate that the amounts remaining to be earned on the Government Obligations deposited with the Trustee pursuant to Section 4.6(a) will be sufficient for purposes of Section 4.6(a).

ARTICLE 5

Defaults and Remedies

Section 5.1. Events of Default. An "Event of Default" occurs with respect to the Securities of any series if (whatever the reason for such Event

of Default and whether it shall be occasioned by the provisions of Article 12 or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) the Company defaults in the payment of interest on any Security of that series or any coupon appertaining thereto or any additional amount payable with respect to any Security of that series as specified pursuant to Section 3.1(b)(16) when the same becomes due and payable and such default continues for a period of 30 days;

(2) the Company defaults in the payment of the principal of or any premium on any Security of that series when the same becomes due and payable at its Maturity or on redemption or otherwise, or in the payment of a mandatory sinking fund payment when and as due by the terms of the Securities of that series, and in each case such default continues for a period of ten days;

(3) the Company defaults in the performance of, or breaches, any covenant or warranty of the Company in this Indenture, with respect to any Security of that series (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and such default or breach continues for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(4) the Company pursuant to or within the meaning of any Bankruptcy Law (A) commences a voluntary case, (B) consents to the entry of an order for relief against it in an involuntary case, (C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or (D) makes a general assignment for the benefit of its creditors;

(5) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (A) is for relief against the Company in an involuntary case, (B) appoints a Custodian of the Company for all or substantially all of its property, or (C) orders the liquidation of the Company; and the order or decree remains unstayed and in effect for 90 days; or

(6) any other Event of Default provided as contemplated by Section 3.1 with respect to Securities of that series.

The term "Bankruptcy Law" means Title 11, U.S. Code, or any similar federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

Section 5.2. Acceleration; Rescission and Annulment. If an Event of Default with respect to the Securities of any series at the time Outstanding occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of all of the outstanding Securities of that series, by written notice to the Company (and, if given by the Holders, to the Trustee), may declare the principal (or, if the Securities of that series are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Securities of that series to be due and payable and upon any such declaration such principal (or, in the case of original Issue Discount Securities or Indexed Securities, such specified amount) shall be immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the outstanding Securities of that series, by written notice to the Trustee, may rescind and annul such declaration and its consequences if all existing Defaults and Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured

or waived as provided in Section 5.7. No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 5.3. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if

(1) default is made in the payment of any interest on any Security or coupon, if any, when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof and such default continues for a period of 10 days,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities or coupons, if any, the whole amount then due and payable on such Securities for principal, premium, if any, and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal, premium, if any, and on any overdue interest, at the rate or rates prescribed therefor in such Securities or coupons, if any, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 5.4. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders of Securities allowed in any judicial proceedings relating to the Company, its creditors or its property.

Section 5.5. Trustee May Enforce Claims Without Possession of Securities. All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto.

Section 5.6. Delay or Omission Not Waiver. No delay or omission by the Trustee or any Holder of any Securities to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of or acquiescence in any such Event of Default.

Section 5.7. Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of Outstanding Securities of any series by notice to the Trustee may waive on behalf of the Holders of all Securities of such series a past Default or Event of Default with respect to that series and its consequences except (i) a Default or Event of Default in the payment of the principal of, premium, if any, or interest on any Security of such series or any coupon appertaining thereto or (ii) in respect of a covenant or provision hereof which pursuant to Section 8.2 cannot be amended or modified without the consent of the Holder of each outstanding Security of such series adversely affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture.

Section 5.8. Control by Majority. The Holders of a majority in aggregate principal amount of the Outstanding Securities of each series affected (with each such series voting as a class) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it with respect to Securities of that series; provided, however, that (i) the Trustee may refuse to

follow any direction that conflicts with law or this Indenture, (ii) the Trustee may refuse to follow any direction that is unduly prejudicial to the rights of the Holders of Securities of such series not consenting, or that would in the good faith judgment of the Trustee have a substantial likelihood of involving the Trustee in personal liability and (iii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 5.9. Limitation on Suits by Holders. No Holder of any Security of any series or any related coupons shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) the Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of at least 25% in aggregate principal amount of the Outstanding Securities of that series have made a written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense to be, or which may be, incurred by the Trustee in pursuing the remedy;

(4) the Trustee for 60 days after its receipt of such notice, request and the offer of indemnity has failed to institute any such proceedings; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the Outstanding Securities of that series have not given to the Trustee a direction inconsistent with such written request.

No one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

Section 5.10. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, but subject to Section 9.2, the right of any Holder of a Security or coupon to receive payment of principal of, premium, if any, and, subject to Sections 3.5 and 3.7, interest on the Security, on or after the respective due dates expressed in the Security (or, in case of redemption, on the redemption dates) and the right of any Holder of a coupon to receive payment of interest due as provided in such coupon, or, subject to Section 5.9, to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 5.11. Application of Money Collected. Subject to Article 12, if the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: to the Trustee for amounts due under Section 6.9;

Second: to Holders of Securities and coupons in respect of which or for the benefit of which such money has been collected for amounts due and unpaid on such Securities for principal of, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest, respectively; and

Third: to the Person or Persons entitled thereto.

Section 5.12. Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 5.13. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.6, no right or remedy herein conferred upon or reserved to the Trustee or the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

ARTICLE 6

The Trustee

Section 6.1. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this

Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing with respect to the Securities of any series, the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to the Securities of such series, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of

such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.2. Rights of Trustee. Subject to the provisions of the Trust Indenture Act:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order (other than delivery of any Security and any coupons appertaining thereto, to the Trustee for authentication and delivery pursuant to Section 3.3, which shall be sufficiently evidenced as provided therein), and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate.

(d) The Trustee may consult with counsel of its selection and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney.

(g) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(h) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(i) The Trustee shall not be required to expend or risk its own funds

or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 6.3. Trustee May Hold Securities. The Trustee, any Paying Agent, any Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and coupons and, subject to Sections 310(b) and 311 of the Trust Indenture Act, may otherwise deal with the Company, an Affiliate or Subsidiary with the same rights it would have if it were not Trustee, Paying Agent, Registrar or such other agent.

Section 6.4. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

Section 6.5. Trustee's Disclaimer. The recitals contained herein and in the Securities, except the Trustee's certificate of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or adequacy of this Indenture, the Securities or any coupon. The Trustee shall not be accountable for the Company's

use of the proceeds from the Securities or for monies paid over to the Company pursuant to the Indenture.

Section 6.6. Notice of Defaults. If a Default occurs and is continuing with respect to the Securities of any series and if it is known to the Trustee, the Trustee shall, within 90 days after it occurs, transmit, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, notice of all uncured Defaults known to it; provided, however, that, in the case of a Default in payment on the Securities of any series, the Trustee may withhold the notice if and so long as the board of directors, the executive committee or a committee of its Responsible Officers in good faith determines that withholding such notice is in the interests of Holders of Securities of that series; provided further that, in the case of any default or breach of the character specified in Section 5.1(3) with respect to the Securities and coupons of such series, no such notice to Holders shall be given until at least 60 days after the occurrence thereof.

Section 6.7. Reports by Trustee to Holders. Within 60 days after each May 15 of each year commencing with the first May 15 after the first issuance of Securities pursuant to this Indenture, the Trustee shall transmit by mail to all Holders of Securities as provided in Section 313(c) of the Trust Indenture Act a brief report dated as of such May 15 if required by Section 313(a) of the Trust Indenture Act. The Trustee also shall comply with Section 313(b) and (d) of the Trust Indenture Act.

Section 6.8. Securityholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of Securities of each series. If the Trustee is not the Registrar, the Company shall furnish to the Trustee semiannually on or before the last day of June and December in each year, and at such other times as the Trustee may request in writing, a list, in such form and as of such date as the Trustee may reasonably require, containing all the information in the possession of the Registrar, the Company or any of its Paying Agents other than the Trustee as to the names and addresses of Holders of Securities of each such series. If there are Bearer Securities of any series outstanding, even if the Trustee is the Registrar, the Company shall furnish to the Trustee such a list containing such information with respect to Holders of such Bearer Securities only.

Section 6.9. Compensation and Indemnity. (a) The Company shall pay to the Trustee from time to time such compensation as shall be agreed between the Company and the Trustee for all services rendered by it hereunder. The Trustee's compensation shall not be limited by any law on compensation of a

trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it in connection with the performance of its duties under this Indenture, except any such expense as may be attributable to its negligence or bad faith.

(b) The Company shall indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred by it without negligence or bad faith on its part arising out of or in connection with its acceptance or administration of the trust or trusts hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent.

(c) The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence or bad faith.

(d) To secure the payment obligations of the Company pursuant to this Section, the Trustee shall have a lien prior to the Securities of any series on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and interest on particular Securities.

(e) When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 5.1(4) or Section 5.1(5), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

(f) The provisions of this Section shall survive the termination of this Indenture.

Section 6.10. Replacement of Trustee. (a) The resignation or removal of the Trustee and the appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in Section 6.11.

(b) The Trustee may resign at any time with respect to the Securities of any series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of

competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Holders of a majority in aggregate principal amount of the Outstanding Securities of any series may remove the Trustee with respect to that series by so notifying the Trustee and the Company and may appoint a successor Trustee for such series with the Company's consent.

(d) If at any time:

(1) the Trustee fails to comply with Section 310(b) of the Trust Indenture Act after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 310(a) of the Trust Indenture Act and shall fail to resign after written request therefor by the Company or by any Holder of a Security who has been a bona fide Holder of a Security for at least six months; or

(3) the Trustee becomes incapable of acting, is adjudged a bankrupt or an insolvent or a receiver or public officer takes charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, (i) the Company by or pursuant to a Board Resolution may remove the Trustee with respect to all Securities, or (ii) subject to Section 315(e) of the Trust Indenture Act, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all other persons similarly situated, petition any

court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, with respect to Securities of one or more series, the Company, by or pursuant to Board Resolution, shall promptly appoint a successor Trustee with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the

Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

Section 6.11. Acceptance of Appointment by Successor. (a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee, without further act, deed or conveyance, shall become vested with all the rights, powers and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and such successor Trustee shall execute and deliver an indenture supplemental hereto wherein such successor Trustee shall accept such appointment and which (i) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, such successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (iii) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood

that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring

Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Trust Indenture Act.

(e) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series in the manner provided for notices to the Holders of Securities in Section 1.6. Each notice shall include the name of the successor Trustee with respect to the securities of such series and the address of its Corporate Trust office.

Section 6.12. Eligibility; Disqualification. There shall at all times be a Trustee hereunder which shall be eligible to act as Trustee under Section 310(a)(1) of the Trust Indenture Act and shall have a combined capital and surplus of at least $75,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or the requirements of Federal, State, Territorial or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 6.13. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 6.14. Appointment of Authenticating Agent. The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue exchange, registration of transfer or partial redemption thereof, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by a Responsible Officer of the Trustee, a copy of which instrument shall be promptly furnished to the Company. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and, except as may otherwise be provided pursuant to Section 3.1, shall at all times be a bank or trust company or corporation organized and doing business and in good standing under the laws of the United States of America or of any State or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $1,500,000 and subject to supervision or examination by Federal or State authorities. If such Authenticating Agent publishes reports of

condition at least annually, pursuant to law or the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time an Authenticating Agent shall cease to be eligible in accordance

with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent for any series of Securities may at any time resign by giving written notice of resignation to the Trustee for such series and to the Company. The Trustee for any series of Securities may at any time terminate the agency of an Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee for such series may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve in the manner set forth in Section 1.6. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent herein. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation including reimbursement of its reasonable expenses for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to or in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication substantially in the following form:

This is one of the Securities of a series issued under the within-mentioned Indenture.

The Bank of New York,
as Trustee

By_____
as Authenticating Agent

By_____
Authorized Signatory

Sections 6.2, 6.3, 6.5 and 6.9 shall be applicable to any Authenticating Agent.

Section 6.15. Trustee's Application for Instructions from the Company. Any application by the Trustee for written instructions from the Company may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than fifteen Business Days after the date any officer of the Company actually

receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

ARTICLE 7

Consolidation, Merger or Sale by the Company

The Company may merge or consolidate with or into any other corporation or sell, convey, transfer or otherwise dispose of all or substantially all of its assets to any person, firm or corporation, if (i)(A) in the case of a merger or consolidation, the Company is the surviving corporation or (B) in the case of a merger or consolidation where the Company is not the surviving corporation and in the case of any such sale, conveyance or other disposition, the successor or acquiring corporation is a corporation organized and existing under the laws of the United States or a State thereof and such corporation expressly assumes by supplemental indenture all the obligations of the Company under the Securities and any coupons appertaining thereto and under this Indenture, (ii) immediately thereafter, giving effect to such merger or consolidation, or such sale, conveyance, transfer or other disposition, no Default or Event of Default

shall have occurred and be continuing, and (iii) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such merger or consolidation, or such sale, conveyance, transfer or other disposition complies with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with. In the event of the assumption by a successor corporation of the obligations of the Company as provided in clause (i)(B) of the immediately preceding sentence, such successor corporation shall succeed to and be substituted for the Company hereunder and under the Securities and any coupons appertaining thereto and all such obligations of the Company shall terminate.

ARTICLE 8

Supplemental Indentures

Section 8.1. Supplemental Indentures Without Consent of Holders. Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into indentures supplemental hereto, in form reasonably satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default with respect to all or any series of Securities; or

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to facilitate the issuance of Bearer Securities (including, without limitation, to provide that Bearer Securities may be registrable as to principal only) or to facilitate the issuance of Securities in global form; or

(5) to add to, change or eliminate any of the provisions of this Indenture, provided that any such addition, change or elimination shall become effective only when there is no Security Outstanding of any series created

prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(6) to secure the Securities; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 3.1; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.10; or

(9) if allowed without penalty under applicable laws and regulations, to permit payment in the United States (including any of the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction of principal, premium, if any, or interest, if any, on Bearer Securities or coupons, if any;

(10) to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or in any supplemental indenture, to cure any ambiguity or correct any mistake or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any series; or

(11) to comply with any requirement of the Commission in connection with the qualification of this Indenture under the Trust Indenture Act.

Section 8.2. Supplemental Indentures With Consent of Holders. With the written consent of the Holders of a majority of the aggregate principal amount of the Outstanding Securities of each series adversely affected by such supplemental indenture, the Company and the Trustee may enter into an indenture or indentures supplemental hereto to add any provisions to or to change or eliminate any provisions of this Indenture or of any other indenture supplemental hereto or to modify the rights of the Holders of Securities of each such series; provided, however, that without the consent of the Holder of each Outstanding Security affected thereby, an amendment under this Section may not:

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.2, or change the coin or currency in which, any Securities or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or modify the provisions of this indenture with respect to the subordination of the Securities, or adversely affect the right to convert any Security as may be provided pursuant to Section 3.1 herein;

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture;

(3) change any obligation of the Company to maintain an office or agency in the places and for the purposes specified in Section 9.2;

(4) adversely affect the right to convert the Securities of any series as provided in Article 12 hereof; or

(5) make any change in Section 5.7 or this 8.2(a) except to increase any percentage or to provide that certain other provisions of this Indenture cannot be modified or waived with the consent of the Holders of each Outstanding Security affected thereby.

For the purposes of this Section 8.2, if the Securities of any series are issuable upon the exercise of warrants, any holder of an unexercised and unexpired warrant with respect to such series shall not be deemed to be a Holder of Outstanding Securities of such series in the amount issuable upon the exercise of such warrants.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture, which has expressly been included solely for the benefit of one or more particular series of Securities, or that modifies the rights of

the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It is not necessary under this Section 8.2 for the Holders to consent to the particular form of any proposed supplemental indenture, but it is sufficient if they consent to the substance thereof.

Section 8.3. Compliance with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall comply with the requirements of the Trust Indenture Act as then in effect.

Section 8.4. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 8.5. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder and of any coupon appertaining thereto shall be bound thereby.

Section 8.6. Reference in Securities to Supplemental Indentures. Securities, including any coupons, of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities including any coupons of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities including any coupons of such series.

ARTICLE 9

Covenants

Section 9.1. Payment of Principal, Premium, If Any, and Interest. The Company covenants and agrees for the benefit of the Holders of each series of Securities that it will duly and punctually pay the principal of, premium, if any, and interest on the Securities of that series in accordance with the terms of the Securities of such series, any coupons appertaining thereto and this Indenture. An installment of principal or interest shall be considered paid on the date it is due if the Trustee or Paying Agent holds on that date money

designated for and sufficient to pay the installment.

Section 9.2. Maintenance of Office or Agency. If Securities of a series are issued as Registered Securities, the Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange, where Securities may be surrendered for conversion and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. If Securities of a series are issuable as Bearer Securities, the Company will maintain, (i) subject to any laws or regulations applicable thereto, an office or agency in a Place of Payment for that series which is located outside the United States, where Securities of that series and related coupons may be presented and surrendered for payment; provided, however, that if the Securities of that series are listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent for the Securities of that series in London, Luxembourg or any other required city located outside the United States, as the case may be, so long as the Securities of that series are listed on such exchange, and (ii) subject to any laws or regulations applicable thereto, in a Place of Payment for that series located outside the United States, where Securities of that series may be surrendered for exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the

Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

Unless otherwise specified as contemplated by Section 3.1, no payment of principal, premium or interest on Bearer Securities shall be made at any office or agency of the Company in the United States, by check mailed to any address in the United States, by transfer to an account located in the United States or upon presentation or surrender in the United States of a Bearer Security or coupon for payment, even if the payment would be credited to an account located outside the United States; provided, however, that, if the Securities of a series are denominated and payable in Dollars, payment of principal of and any premium or interest on any such Bearer Security shall be made at the office of the Company's Paying Agent in the Borough of Manhattan, The City of New York, if (but only if) payment in Dollars of the full amount of such principal, premium or interest, as the case may be, at all offices or agencies outside the United States maintained for the purpose by the Company in accordance with this Indenture is illegal or effectively precluded by exchange controls or other similar restrictions.

The Company may also from time to time designate one or more other offices or agencies where the Securities (including any coupons, if any) of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities (including any coupons, if any) of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Unless otherwise specified as contemplated by Section 3.1, the Trustee shall initially serve as Paying Agent.

Section 9.3. Money for Securities to Be Held in Trust; Unclaimed Money. If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of, premium, if any, or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal, premium, if any, or interest so becoming due until such sums shall be paid to such persons or otherwise disposed

of as herein provided and will promptly notify the Trustee in writing of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to

the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of, premium, if any, or interest on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment of principal, premium, if any, or interest on the Securities; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of any principal, premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on Company Request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security and coupon, if any, shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, or cause to be mailed to such Holder, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any

unclaimed balance of such money then remaining will be repaid to the Company.

Section 9.4. Corporate Existence. Subject to Article 7, the Company will at all times do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence; provided that nothing in this Section 9.4 shall prevent the abandonment or termination of any right or franchise of the Company, if, in the opinion of the Company, such abandonment or termination is in the best interests of the Company and does not materially adversely affect the ability of the Company to operate its business or to fulfill its obligations hereunder.

Section 9.5. Insurance. The Company covenants and agrees that it will maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations or through a program of self-insurance in such amounts and covering such risks as are consistent with sound business practice for corporations engaged in the same or a similar business similarly situated.

Section 9.6. Reports by the Company. The Company covenants:

(a) to file with the Trustee, within 30 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which it may be required to file with the Commission pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended; or, if it is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) to file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by it with the conditions and covenants provided for in this Indenture, as may be required from time to time by such rules and regulations; and

(c) to transmit to all Holders of Securities, within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in section 313(c) of the Trust Indenture Act, such summaries of any information, documents and reports required to be filed by it pursuant to subsections (a) and (b) of this Section 9.6, as may be required by rules and regulations prescribed from time to time by the Commission.

Section 9.7. Annual Review Certificate. The Company covenants and agrees to deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, a brief certificate from the principal executive officer, principal financial officer, or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture. For purposes of this Section 9.7, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

Section 9.8. Limitation on Dividends and Capital Stock Acquisitions. The Company covenants and agrees that, if at any time it has failed to make any payment of interest, principal or premium on the Debentures when due (after giving effect to any grace period for payment thereof as provided in Section 5.1), the Company will not, until all defaulted interest on the Debentures and all principal and premium, if any, then due and payable on the Debentures shall have been paid in full, (i) declare set aside or pay any dividend or distribution on any capital stock of the Company (except for dividends or distributions in shares of its capital stock or rights to acquire shares of its capital stock), or (ii) repurchase, redeem or otherwise acquire, or make any sinking fund payment for the purchase or redemption of, any shares of its capital stock (except by conversion into or exchange for shares of its capital stock and except for a redemption, purchase or other acquisition of shares of its capital stock made for the purpose of an employee incentive plan or benefit plan of the Company or any of its subsidiaries); provided, however, that any moneys theretofore deposited in any sinking fund with respect to any preferred stock of the Company in compliance with this Section 9.8 and the provisions of such sinking fund may thereafter be applied to the purchase or redemption of such preferred stock in accordance with the terms of such sinking fund without regard to the restrictions in this Section 9.8.

ARTICLE 10

Redemption

Section 10.1. Applicability of Article. Securities (including coupons, if any) of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 3.1 for Securities of any series) in

accordance with this Article.

Section 10.2. Election to Redeem; Notice to Trustee. The election of the Company to redeem any Securities, including coupons, if any, shall be evidenced by or pursuant to a Board Resolution or an Officers' Certificate. In the case of any redemption at the election of the Company of less than all the Securities or coupons, if any, of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities (i) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture or (ii) pursuant to an election of the Company which is subject to a condition specified in the terms of such Securities, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction or condition.

Section 10.3. Selection of Securities to Be Redeemed. Unless otherwise specified as contemplated by Section 3.1, if less than all the Securities (including coupons, if any) of a series with the same original issue date, interest rate and Stated Maturity are to be redeemed, the Trustee, not more than 45 days prior to the redemption date, shall select the Securities of the series to be redeemed in such manner as the Trustee shall deem fair and appropriate. The Trustee shall make the selection from Securities of the series that are Outstanding and that have not previously been called for redemption and may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities, including coupons, if any, of that series or any integral multiple thereof) of the principal amount of Securities, including coupons, if any, of such series of a denomination larger than the minimum authorized denomination for Securities of that series. The Trustee shall promptly notify the Company in writing of the Securities selected by the Trustee for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities (including coupons, if any) shall relate, in the case of any Securities (including coupons, if any) redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities (including coupons, if any) which has been or is to be redeemed.

Section 10.4. Notice of Redemption. Unless otherwise specified as contemplated by Section 3.1, notice of redemption shall be given in the manner provided in Section 1.6 not less than 30 days nor more than 60 days prior to the Redemption Date to the Holders of the Securities to be redeemed.

All notices of redemption shall state:

(1) the Redemption Date;

(2) the Redemption Price;

(3) if fewer than all the Outstanding Securities of a series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Security or Securities to be redeemed;

(4) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the holder will receive, without a charge; a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;

(5) the Place or Places of Payment where such Securities, together in the case of Bearer Securities with all coupons appertaining thereto, if any, maturing after the Redemption Date, are to be surrendered for payment for the Redemption Price;

(6) that Securities of the series called for redemption and all unmatured coupons, if any, appertaining thereto must be surrendered to the Paying Agent to collect the redemption price;

(7) that, on the Redemption Date, the Redemption Price will become due and payable upon each such Security, or the portion thereof, to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date;

(8) that the redemption is for a sinking fund, if such is the case;

(9) that, unless otherwise specified in such notice, Bearer Securities of any series, if any, surrendered for redemption must be accompanied by all coupons maturing subsequent to the Redemption Date or the amount of any such missing coupon or coupons will be deducted from the Redemption Price, unless security or indemnity satisfactory to the Company, the Trustee and any Paying Agent is furnished; and

(10) CUSIP number.

Notice of redemption of Securities to be redeemed shall be given by the Company or, at the Company s request, by the Trustee in the name and at the expense of the Company.

Section 10.5. Deposit of Redemption Price. On or prior to 12:00 noon New York City time on any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.3) an amount of money in the currency or currencies (including currency units or composite currencies) in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.1 for the Securities of such series) sufficient to pay on the Redemption Date the Redemption Price of, and (unless the Redemption Date shall be an Interest Payment Date) interest accrued to the Redemption Date on, all Securities or portions thereof which are to be redeemed on that date.

Unless any Security by its terms prohibits any sinking fund payment obligation from being satisfied by delivering and crediting Securities (including Securities redeemed otherwise than through a sinking fund), the Company may deliver such Securities to the Trustee for crediting against such payment obligation in accordance with the terms of such Securities and this Indenture.

Section 10.6. Securities Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest and the coupons for any such interest appertaining to any Bearer Security so to be redeemed, except to the extent provided below, shall be void. Except as provided in the next succeeding paragraph, upon surrender of any such Security, including coupons, if any, for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that

installments of interest on Bearer Securities whose Stated Maturity is prior to the Redemption Date shall be payable only at an office or agency located outside the United States and its possessions (except as otherwise provided in Section 9.2) and, unless otherwise specified as contemplated by Section 3.1, only upon presentation and surrender of coupons for such interest; and provided further that, unless otherwise specified as contemplated by Section 3.1, installments of interest on Registered Securities whose Stated Maturity is prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.7.

If any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Bearer Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there

be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Bearer Security shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only at an office or agency located outside of the United States (except as otherwise provided pursuant to Section 9.2) and, unless otherwise specified as contemplated by Section 3.1, only upon presentation and surrender of those coupons.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

Section 10.7. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part at any Place of Payment therefor (with, if the Company or the Trustee so require, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), the Company shall execute and the Trustee shall authenticate and deliver to the Holder of that Security, without service charge, a new Security or Securities of the same series, the same form and the same Maturity in any authorized denomination equal in aggregate principal amount to the unredeemed portion of the principal of the Security surrendered.

ARTICLE 11

Sinking Funds

Section 11.1. Applicability of Article. The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 3.1 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment." If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 11.2. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

Section 11.2. Satisfaction of Sinking Fund Payments with Securities. The Company (i) may deliver Outstanding Securities of a series (other than any previously called for redemption) together, in the case of Bearer Securities of such series, with all unmatured coupons appertaining thereto and (ii) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

Section 11.3. Redemption of Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 11.2 and will also deliver to the Trustee any Securities to be so delivered. Not less than 30

days before each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 10.3 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 10.4. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 10.6 and 10.7.

ARTICLE 12

Subordination of Securities

SECTION 12.1. Securities Subordinated to Senior Indebtedness. (a) The Company agrees, and each Holder of the Securities by acceptance thereof likewise agrees, that the payment of the principal of, premium, if any, and interest on the Securities is subordinated, to the extent and in the manner provided in this Article 12, to the prior payment in full of all Senior Indebtedness of the Company.

(b) All provisions of this Article 12 shall be subject to Section 12.14.

SECTION 12.2. Company Not to Make Payments with Respect to Securities in Certain Circumstances; Limitations on Acceleration of Securities. (a) Upon the maturity of any Senior Indebtedness of the Company by lapse of time, acceleration or otherwise, all obligations with respect thereto shall first be paid in full, or such payment duly provided for in cash or in a manner satisfactory to the holders of such Senior Indebtedness, before any payment is made on account of the principal of, premium, if any, or interest on the Securities or to redeem, retire, purchase, deposit moneys for the defeasance of or acquire any of the Securities.

(b) Upon the happening of (i) any default in payment of any Senior Indebtedness of the Company or (ii) any other default on Senior Indebtedness of the Company and the maturity of such Senior Indebtedness is accelerated in accordance with its terms, then, unless (w) such default relates to Senior Indebtedness of the Company in an aggregate amount equal to or less than $20 million, (x) such default shall have been cured or waived or shall have ceased to exist, (y) any such acceleration has been rescinded, or (z) such Senior Indebtedness has been paid in full, no direct or indirect payment in cash, property or securities, by set-off or otherwise (except payment of the Securities from funds previously deposited in accordance with Section 4.1 at any time such deposit was not prohibited by this Indenture), shall be made or agreed to be made by the Company on

account of the principal of or premium, if any, or interest on the Securities, or in respect of any redemption, retirement, purchase, deposit of moneys for the defeasance or other acquisition of any of the Securities in the case of such a default in Senior Indebtedness of the Company, the Company shall not deposit money for any such payment or distribution with the Trustee or any Paying Agent nor shall the Company (if the Company is acting as its own Paying Agent) segregate and hold in trust money for any such payment or distribution.

(c) Upon the happening of an event of default (other than under circumstances when the terms of paragraph (b) of this Section 12.2 are applicable) with respect to any Senior Indebtedness of the Company pursuant to which the holders thereof are entitled under the terms of such Senior Indebtedness to immediately accelerate the maturity thereof (without further notice or expiration of any applicable grace periods), upon written notice thereof given to each of the Company and the Trustee by the trustee for or other representative of the holders of at least $25 million of Senior Indebtedness of the Company (a "Payment Notice"), then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, no direct or indirect payment in cash, property or securities, by set-off or otherwise (except payment of the Securities from funds previously deposited in accordance with Section 4.1 at any time such deposit was not prohibited by this Indenture),

shall be made or agreed to be made by the Company on account of the principal of or premium, if any, or interest on the Securities, or in respect of any redemption, retirement, purchase, deposit of moneys for the defeasance or other acquisition of any of the Securities, and the Company shall not deposit money for any such payment or distribution with the Trustee or any Paying Agent nor shall the Company or a Subsidiary (if the Company or such Subsidiary is acting as Paying Agent) segregate and hold in trust money for any such payment or distribution (a "Payment Block"); provided, however, that this Section 12.2(c) shall not prevent the making of any payment for more than 120 days after a Payment Notice shall have been given unless the Senior Indebtedness in respect of which such event of default exists has been declared due and payable in its entirety, in which case no such payment shall be made until such acceleration has been rescinded or annulled or such Senior Indebtedness has been paid in full in accordance with its terms. Notwithstanding the foregoing, (i) not more than one Payment Notice shall be given with respect to a particular event of default (which shall not bar subsequent Payment Notices for other such events of default), (ii) all events of default under Senior Indebtedness occurring within any 30-day period shall be treated as one event of default to the extent that one or more Payment Notices are issued in connection therewith and (iii) no more than two Payment Blocks shall be permitted within any period of 12 consecutive months. Any

payment made in contravention of the provisions of this Section 12.2(c) shall be returned to the Company.

(d) In the event that, notwithstanding the provisions of Section 12.2(a) or 12.2(b), the Trustee or the Holder of any Security shall have received any payment on account of the principal of or premium, if any, or interest on the Securities in contravention of Section 12.2(a) or 12.2(b) or after the happening of a default in payment of any Senior Indebtedness of the Company, or any acceleration of the maturity of any Senior Indebtedness of the Company, then, in either such case, except in the case of any such default which shall have been cured or waived or shall have ceased to exist, such payment (subject to the provisions of Sections 12.6 and 12.7) shall be held for the benefit of, and shall be paid over and delivered to, the holders of such Senior Indebtedness of the Company (pro rata as to each of such holders on the basis of the respective amounts of Senior Indebtedness of the Company held by them) or their representative or the trustee under the indenture or other agreement (if any) pursuant to which Senior Indebtedness of the Company may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness of the Company remaining unpaid to the extent necessary to pay all Senior Indebtedness of the Company in full in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness of the Company.

(e)(1) Upon the occurrence of an Event of Default under Section 5.1(1) through (3) and (6), the Trustee or holders of 25% of the outstanding principal amount of the Securities of any series must give notice of such Event of Default and the intention to accelerate to the Company and any holders of Senior Indebtedness which have theretofore requested of the Trustee such notice, and no acceleration of the Securities of any series shall be effective unless and until such Event of Default is continuing on the sixtieth day after the date of delivery of such notice. The Company may pay the holders of the Securities of any series any defaulted payment and all other amounts due following any such acceleration of the maturity of the Securities if this Section 12.2(a) would not prohibit such payment to be made at that time.

(2) Nothing in this Article 12 shall prevent or delay the Trustee or the holders of the Securities from taking any action in connection with the acceleration of the maturity of the Securities pursuant to Section 5.2 upon the occurrence of an Event of Default under either of Section 5.1(4) or 5.1(5).

(3) Except as provided in Section 12.2(e)(1), a failure to make any payment with respect to the Securities as a

result of the rights of holders of Senior Indebtedness of the Company described in Section 12.2(b) or 12.2(c) will not have any effect on the right of holders of the Securities to accelerate the maturities thereof as a result of such payment default. The Company shall give prompt written notice to the Trustee of

any default in the payment of principal of or interest on any Senior Indebtedness of the Company, and in the event of any such default, shall provide to the Trustee, in the form of an Officers' Certificate, the names, addresses and respective amounts due holders of such Senior Indebtedness or the name and address of the trustee acting on their behalf, if any. The Trustee shall be entitled to rely conclusively on such Officers' Certificate without independent verification.

SECTION 12.3. Securities Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of the Company. Upon the distribution of assets of the Company in any Dissolution, winding up, liquidation (total or partial) or similar proceeding relating to the Company (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise):

(1) the holders of all Senior Indebtedness of the Company shall first be entitled to receive payment in full of all Senior Indebtedness (or to have such payment duly provided for in a manner satisfactory to them) in cash or in a manner satisfactory to the holders of Senior Indebtedness of the Company before the Holders of the Securities, in the case of Senior Indebtedness of the Company, are entitled to receive any payment on account of the principal of, premium, if any, or interest on the Securities;

(2) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other company, trust or corporation provided for by a plan of reorganization or readjustment, the payment of which is junior or otherwise subordinate, at least to the extent provided in this Article 12 with respect to the Securities to the payment of all Senior Indebtedness of the Company at the time outstanding and to the payment of all securities issued in exchange therefor to the holders of the Senior Indebtedness of the Company at the time outstanding), to which the Holders of the Securities or the Trustee on behalf of the Holders of the Securities would be entitled except for the provisions of this Article 12, shall be paid by the liquidating trustee or agent or other person making such payment or distribution directly to the holders of the Senior Indebtedness of the Company or their representatives or to the trustee under any indenture under which such

Senior Indebtedness may have been issued (pro rata) as to each such holder, representative or trustee on the basis of respective amounts of unpaid Senior Indebtedness held or represented by each), to the extent necessary to make payment in full of all Senior Indebtedness of the Company remaining unpaid, after giving effect to any concurrent payment or distribution or provision therefor to the holders of such Senior Indebtedness; and

(3) in the event that notwithstanding the foregoing provisions of this Section 12.3, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other company, trust or corporation provided for by a plan of reorganization or readjustment, the payment of which is junior or otherwise subordinate, at least to the extent provided in this Article 12 with respect to the Securities, to the payment of all Senior Indebtedness of the Company at the time outstanding and to the payment of all securities issued in exchange therefor to the holders of the Senior Indebtedness of the Company at the time outstanding), shall be received by the Trustee or the Holders of the Securities on account of principal of, premium, if any, or interest on the Securities before all Senior Indebtedness of the Company is paid in full in cash or in a manner satisfactory to the holders of such Senior Indebtedness in accordance with its terms, or effective provision made for its payment, such payment or distribution (subject to the provisions of Sections 12.6 and 12.7) shall be received and held for the benefit of and paid over to the holders of the Senior Indebtedness of the Company remaining unpaid or unprovided for or their representative, or to the trustee under any indenture under which such Senior Indebtedness of the Company may have been issued (pro rata as provided in paragraph (2) above), for application to the payment of such Senior Indebtedness of the Company to the extent necessary to pay all such Senior Indebtedness of the Company in full in cash or in a manner satisfactory to the holders of Senior Indebtedness of the Company, in accordance with its terms, after giving

effect to any concurrent payment or distribution or provision therefor to the holders of such Senior Indebtedness of the Company.

The Company shall give prompt written notice to the Trustee of any dissolution, winding up, liquidation or reorganization of the Company or any assignment for the benefit of the Company's creditors tending toward the liquidation of the business and assets of the Company.

SECTION 12.4. Holders to Be Subrogated to Rights of Holders of Senior Indebtedness. Upon the payment in full of all Senior Indebtedness of the Company in cash or in a manner satisfactory to the holders of such Senior Indebtedness, the Holders of the Securities shall be subrogated equally and ratably to the rights of the holders of Senior Indebtedness of the Company to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness of the Company until all amounts owing on the Securities shall be paid in full, and for the purpose of such subrogation no payments or distributions to the holders of Senior Indebtedness of the Company by or on behalf of the Company or by or on behalf of Holders of the Securities by virtue of this Article 12 which otherwise would have been made to the Holders of the Securities shall, as between the Company and the Holders of the Securities, be deemed to be payment by the Company to or on account of Senior Indebtedness of the Company, it being understood that the provisions of this Article 12 are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of Senior Indebtedness of the Company, on the other hand.

SECTION 12.5. Obligation of the Company Unconditional. Nothing contained in this Article 12 or elsewhere in this Indenture or in any Security is intended to or shall impair, as between the Company and the Holders of the Securities the obligations of the Company which are absolute and unconditional, to pay to the Holders of the Securities the principal of (premium, if any) and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness of the Company, nor, except as expressly provided in this Article 12, shall anything herein or in the Securities prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 12 of the holders of Senior Indebtedness of the Company in respect of cash, property or securities of the Company upon the exercise of any such remedy. Upon any distribution of assets of the Company referred to in this Article 12, the Trustee, subject to the provisions of Section 6.1, and the Holders of the Securities shall be entitled to rely upon any order or decree by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, or a certificate of the liquidating trustee or agent or other person making any distribution to the Trustee or the Holders of the securities, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of Senior Indebtedness of the Company and other indebtedness of the Company, the amount thereof

or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 12.

Nothing contained in this Article 12 or elsewhere in this Indenture or in any Security is intended to or shall affect the obligations of the Company to make, or prevent the Company from making, at any time except during the pendency of any dissolution, winding up, liquidation (total or partial) or similar proceeding, and except during the continuance of any event specified in Section 12.2 (not cured or waived), payments at any time of the principal of (or premium, if any) or interest on the Securities.

SECTION 12.6. Knowledge of Trustee. Notwithstanding any provision of this Indenture, the Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee until three Business Days after a Responsible Officer of the Trustee on behalf of the Trustee shall have received at the Corporate Trust Office of the Trustee written notice thereof from the Company, any Holder, or the holder or representative of any class of Senior Indebtedness

of the Company identifying the specific sections of this Indenture involved and describing in detail the facts that would obligate the Trustee to withhold payments to Holders of Securities, and prior to such time, the Trustee, subject to the provisions of Section 6.1, shall be entitled in all respects conclusively to assume that no such facts exist. The Trustee shall be entitled to rely on the delivery to it of a written notice by an individual representing himself to be a holder of Senior Indebtedness of the Company (or a trustee on behalf of such holder) to establish that such notice has been given by a holder of any such Senior Indebtedness or a trustee on behalf of any such holder.

In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness of the Company to participate in any payment or distribution pursuant to this Article, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness of the Company held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

SECTION 12.7. Application by Trustee of Moneys Deposited with It. If two Business Days prior to the date on

which by the terms of this Indenture any moneys deposited with the Trustee or any Paying Agent (other than the Company or a Subsidiary) may become payable for any purpose (including, without limitation, the payment of the principal of, premium, if any, or interest on any Security) the Trustee shall not have received with respect to such moneys the notice provided for in Section 12.6, then the Trustee shall have full power and authority to receive such monies and to apply the same to the purpose for which they were received and shall not be affected by any notice to the contrary which may be received by it on or after such date. This Section 12.7 shall be construed solely for the benefit of the Trustee and Paying Agent and shall not otherwise affect the rights of holders of such Senior Indebtedness.

SECTION 12.8. Subordination Rights Not Impaired by Acts or Omissions of Company or Holders of Senior Indebtedness. No right of any present or future holders of any Senior Indebtedness of the Company to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any such holder, or by any noncompliance by the Company with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

SECTION 12.9. Holders Authorize Trustee to Effectuate Subordination of Securities. Each Holder of the Securities by his acceptance thereof authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate in the discretion of the Trustee to effectuate the subordination provided in this Article 12 and appoints the Trustee his attorney in-fact for such purpose, including, without limitation, in the event of any dissolution, winding up, liquidation or reorganization of the Company (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise) tending towards liquidation of the business and assets of the Company, the timely filing of a claim for the unpaid balance of its or his Securities in the form required in said proceedings. If the Trustee does not file a proper claim or proof of debt in the form required in such proceedings before the expiration of the time to file such claim or claims, then the holders of Senior Indebtedness of the Company are hereby authorized to have the right to file and are hereby authorized to file an appropriate claim for and on behalf of the Holders of said Securities.

SECTION 12.10. Right of Trustee to Hold Senior Indebtedness. The Trustee shall be entitled to all of the rights set forth in this Article 12 in respect of any Senior Indebtedness of the Company at any time held by it to the same

extent as any other holder of such Senior Indebtedness of the Company, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder. With respect to the holders of Senior Indebtedness of the Company, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article 12, and no implied covenants or obligations with respect to the holders of Senior Indebtedness of the Company shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of the Company, and the Trustee shall not be liable to any holder of Senior Indebtedness of the Company if it shall mistakenly pay over or deliver to Holders of Securities, the Company or any other Person moneys or assets to which any holder of such Senior Indebtedness shall be entitled by virtue of this Article 12 or otherwise.

SECTION 12.11. Article 12 Not to Prevent Events of Default. The failure to make a payment on account of principal or interest by reason of any provision in this Article 12 shall not be construed as preventing the occurrence of an Event of Default under Section 5.1.

SECTION 12.12. Paying Agents Other Than the Trustee. In case at any time any Paying Agent (including, without limitation, the Company or any Subsidiary) other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article 12 shall in such case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent (except the Company and its subsidiaries in the case of Sections 12.6 and 12.7) within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article 12 in addition to or in place of the Trustee.

SECTION 12.13. Trustee's Compensation Not Prejudiced. Nothing in this Article 12 shall apply to amounts due to the Trustee pursuant to Section 6.9.

SECTION 12.14. Trust Moneys Not Subordinated. Notwithstanding anything contained herein to the contrary, payments from money held in trust under Article 4 by the Trustee for the payment of principal of, premiums if any, and interest on the Securities shall not be subordinated to the prior payment of any Senior Indebtedness of the Company or subject to the restrictions set forth in this Article 12 and none of the Holders

shall be obligated to pay over any such amount to the Company or any holder of Senior Indebtedness of the Company or any other creditor of the Company.

_____

This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

UAL CORPORATION

By:_____
Title:

[Seal]

Attest:

_____
Title:

THE BANK OF NEW YORK,
TRUSTEE

By:_____
Title:

[Seal]

Attest:

_____
Title:

EXHIBIT 4.2

UAL CORPORATION
Officer's Certificate

Pursuant to Sections 2.1 and 3.1 of the Indenture, dated as of April 3, 1995 (the "Indenture"), between UAL Corporation, a Delaware corporation (the "Company"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee"), the undersigned officer of the Company hereby certifies on behalf of the Company as follows:

1. Authorization. The establishment of a series of Securities of the Company has been approved and authorized in accordance with the provisions of the Indenture pursuant to resolutions adopted by the Board of Directors of the Company on December 15, 1994 and January 26, 1995.

2. Compliance with Covenants and Conditions Precedent. All covenants and conditions precedent provided for in the Indenture relating to the establishment of series of Securities have been complied with.

3. Terms. The terms of the series of Securities established pursuant to this Officer's Certificate will be as follows:

(i) Title. The title of the Securities is "6 3/8% Convertible Subordinated Debentures due 2025" (the "Debentures").

(ii) Aggregate Principal Amount. The aggregate principal amount of the Debentures which may be authenticated and delivered under the Indenture (except for Debentures authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Debentures pursuant to Sections 3.4, 3.5, 3.6, 8.6 or 10.7 of the Indenture and except for any Debentures that, pursuant to the last paragraph of Section 3.3 of the Indenture, are deemed never to have been authenticated and delivered under the Indenture) will not exceed $600,000,000.

(iii) Stated Maturity. The date on which the principal of the Debentures is payable is February 1, 2025.

(iv) Rate of Interest; Interest Payment Dates; Regular Record Dates. The Debentures will bear interest at the rate of 6 3/8% per annum, except that holders of record of the Debentures will be entitled to interest at a rate of 6 1/4% per annum from February 1, 1995 through April __, 1995 in lieu of dividends accumulating after January 31, 1995 on the Series A Preferred Stock. The date from which such interest will accrue is April __, 1995. The Interest Payment Dates on which such interest will be payable are February 1, May 1, August 1 and November 1 of each year, commencing May 1, 1995, subject to extension as provided in the form of Debenture attached hereto as Exhibit A. The Regular Record Date for the interest payable on any Interest Payment Date will be the January 15, April 15, July 15 or October 15 prior to such Interest Payment Date.

(v) Place of Payment. The principal of and interest on the Debentures will be payable at the office or agency of the Company maintained for that purpose in the City of New York (which, unless changed, will be a corporate trust office or agency of the Trustee); provided, that at the option of the Company, payments may be made by checks mailed by the Trustee to the Holders of the Debentures at their registered addresses or by wire transfers to accounts maintained by the Holders as specified in the Register, provided that the payment of principal with respect to any Debenture will be made only upon surrender of such Debenture to the Trustee.

(vi) Optional Redemption. The Debentures will be redeemable at the option of the Company after meeting certain conditions

set forth in the form of Debenture attached hereto as Exhibit A, in whole or in part, on or after May 1, 1996 at the following percentages of the principal amount thereof redeemed, plus accrued and unpaid interest, if any, up to but excluding the Redemption Date, if redeemed during the twelve-month period commencing May 1 of the

years indicated:

Year	Redemption Price
1996	104.375%
1997	103.750%
1998	103.125%
1999	102.500%
2000	101.875%
2001	101.250%
2002	100.625%
2003 and thereafter	100.000%

Notice of redemption will be mailed at least 30 days but no more than 60 days before the Redemption Date to each Holder at its registered address. If fewer than all the outstanding Debentures are to be redeemed, the provisions of Section 10.3 of the Indenture will govern.

(vii) Mandatory Redemption. The Debentures will contain no provision for mandatory redemption, a sinking fund or analogous provisions.

(viii) Denominations. The Debentures will be issuable in denominations of $1,000 and integral multiples thereof.

(ix) Currency. The Debentures will be denominated in Dollars and the principal of and interest on the Debentures will be payable in Dollars. The Debentures will be satisfied and discharged as provided in Article 4 of the Indenture.

(x) Payment Currency. The principal of and interest on the Debentures will not be payable in a currency other than Dollars.

(xi) Formula. The amount of payments of principal of and interest on the Debentures will not be determined with reference to an index, formula or other method.

(xii) Amount Payable Upon Acceleration. The principal amount of the Debentures payable upon declaration of acceleration will be governed by Section 5.2 of the Indenture.

(xiii) Payment of Interest. The payment of interest on the Debentures will be governed by Sections

2.3 and 3.7 of the Indenture.

(xiv) Special Rights. There are no provisions granting special rights to the Holders upon the occurrence of specified events.

(xv) Covenants; Events of Default. The covenants set forth in Section 9.8 of the Indenture will also apply if the Company exercises its right to extend the interest payment period for an Extension Period (as defined in the Debenture). These restrictions will apply until any such Extension Period has terminated.

An additional Event of Default occurs with respect to the Debentures if (whatever the reason for such Event of Default

and whether it shall be occasioned by the provisions of Article 12 of the Indenture or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

The Company defaults during an Extension Period under the terms of any agreement or instrument evidencing or under which the Company has outstanding any indebtedness for borrowed money and such indebtedness shall be accelerated so that the same shall be or become due and payable prior to the date on which the same would otherwise become due and payable and the aggregate principal amount thereof so accelerated exceeds $150,000,000 and such acceleration is not rescinded or annulled within ten days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Securities of that series a written notice specifying such default and stating that such notice is a "Notice of Default" under the Indenture; (it being understood however, that, subject to the provisions of Section 6.1 of the Indenture, the Trustee shall not be deemed to have knowledge of such default under such agreement or instrument unless either (A) a Responsible Officer of the Trustee shall have actual knowledge of such default or (B) a Responsible Officer of the Trustee shall have received

written notice thereof from the Company, from any Holder, from the holder of any such indebtedness or from the trustee under any such agreement or other instrument); provided, however, that if such default under such agreement or instrument is remedied or cured by the Company or waived by the holders of such indebtedness, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of either the Trustee or any of such Holders.

(xvi) Additional Amounts. The Company will not pay additional amounts on the Debentures held by a Person that is not a U.S. Person in respect of taxes or similar charges withheld or deducted.

(xvii) Registered Securities. The Debentures will be issuable as Registered Securities, without interest coupons. Section 3.5 of the Indenture will govern the Debentures.

(xviii) Bearer Securities; Temporary Global Security. The Debentures will not be Bearer Securities or represented by a temporary global Security.

(xix) Defeasance and Covenant Defeasance. Sections 4.4 and 4.5 of the Indenture will not apply to the Debentures.

(xx) Registrar; Paying Agent. The Trustee will be the Registrar and the Paying Agent for the Debentures.

(xxi) Warrants. No warrants will be issued in connection with the Debentures.

(xxii) Exchange Rate Agent. There will be no Exchange Rate Agent with respect to the Debentures.

(xxiii) Permanent Global Form. The Debentures will be represented by a permanent global debenture (the "Global Debenture"), with respect to which The Depository Trust Company will be the Depositary. Section 3.5 of the Indenture will govern the Global Debenture.

(xxiv) Conversion. The Debentures will be convertible at the option of the Holders thereof at any time after the date of original

issuance

thereof, unless previously redeemed, into $541.90 for each $1,000 principal amount thereof and the number of fully-paid and nonassessable shares of common stock of the Company obtained by dividing (i) the difference between Principal Amount (as defined in the Debenture) of the Debenture and $541.90 by (ii) the Conversion Price (as defined in the Debenture) and surrendering such Debentures to be converted as provided in the form of Debenture attached hereto as Exhibit A, provided, however, that the right to convert Debentures called for redemption shall terminate at the close of business on the day preceding the Redemption Date, unless the Company shall default in making payment of the cash payable upon such redemption. The form of Debenture will govern the other terms and conditions with respect to conversion of the Debentures.

(xxv) Subordination. Article 12 of the Indenture will govern the terms and conditions under which the Debentures are subordinate to the Senior Indebtedness of the Company.

(xxvi) Other Terms. The Debentures will have the other terms and will be substantially in the form set forth in the form of Debenture attached hereto as Exhibit A and may have such other terms as are provided in such form. In case of any conflict between this certificate and the Debentures in the form attached hereto as Exhibit A, or between the Resolutions and the Debentures in such form, the Debentures will control.

Capitalized terms used herein and not otherwise defined herein have the meanings specified in the Indenture.

The undersigned, for himself, states that he has read and is familiar with the provisions of Article 2 of the Indenture relating to the establishment of the form of Security representing a series of Securities thereunder and Article 3 of the Indenture relating to the establishment of a series of Securities thereunder, and in each case, the definitions therein relating thereto; that he is generally familiar with the other provisions of the Indenture and with the affairs of the Company and its acts and proceedings and that the statements and opinions made by him in this Certificate are based upon such familiarity; that, in his opinion, he has made such examination or investigation as is necessary to enable him to

express an informed opinion as to whether or not the covenants and conditions referred to above have been complied with; and, that in his opinion, the covenants and conditions referred to above have been complied with.

Insofar as this Certificate relates to legal matters, it is based, as provided for in Section 1.3 of the Indenture, upon the opinion of Counsel delivered to the Trustee contemporaneously herewith pursuant to Section 3.3 of the Indenture and relating to the Debentures.

IN WITNESS WHEREOF, the undersigned has hereunto signed this Certificate on behalf of the Company this ___ day of April 1995.

UAL CORPORATION

By: _____
Name: Douglas A. Hacker
Title: Senior Vice
President - Finance

EXHIBIT 4.3

UAL CORPORATION

6 3/8% CONVERTIBLE SUBORDINATED
DEBENTURE DUE 2025

$_____ No._____
CUSIP_____

UAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor under the Indenture hereinafter referred to), hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars, on February 1, 2025.

Interest Payment Dates: February 1, May 1, August 1 and November 1
Record Dates: January 15, April 15, July 15 and October 15

Reference is hereby made to the further provisions of this Debenture set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if fully set forth at this place.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee by manual signature, this Debenture shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

THIS SECURITY IS IN GLOBAL FORM WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN CERTIFICATED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

IN WITNESS WHEREOF, the Company has caused this Debenture to be duly executed in its corporate name by the manual or facsimile signature of its Chairman of the Board or its President and Chief Executive Officer and impressed or imprinted with its corporate seal or facsimile thereof, attested by the manual or facsimile signature of its Secretary.

UAL CORPORATION

(Seal)

By_____
(Title)

Attest:

_____
Secretary

This is one of the Securities of a series issued under the within-mentioned Indenture.

Dated:

THE BANK OF NEW YORK,
as Trustee

By:_____
Authorized Signatory

(REVERSE OF DEBENTURE)

UAL CORPORATION
6 3/8% CONVERTIBLE SUBORDINATED
DEBENTURE DUE 2025

(1) Indenture. This Debenture is one of a duly authorized issue of Securities of the Company designated as its 6 3/8% Convertible Subordinated Debentures due 2025 (herein called the "Debentures"), limited in aggregate principal amount to $600,000,000, issued and to be issued under an Indenture dated as of April 3, 1995 (herein called the "Indenture") between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee and the Holders of the Debentures, and the terms upon which the Debentures are, and are to be, authenticated and delivered. The terms of the Debentures include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. (S)(S) 77aaa-77bbbb) as in effect on the date upon which the Debentures are first issued under the Indenture (the "Issue Date"). The Debentures are unsecured general obligations of the Company. All capitalized terms used in this Debenture and not defined herein will have the meanings assigned to them in the Indenture.

(2) Interest. The Company promises to pay interest on said principal sum, quarterly in arrears on February 1, May 1, August 1 and November 1, of each year, commencing May 1, 1995 at the rate of 6 1/4% per annum from February 1, 1995 to but excluding April __, 1995 and from and after April __, 1995 at the rate of 6 3/8% per annum, from the February 1, May 1, August 1 or November 1, as the case may be, next preceding the date of this Debenture to which interest on the Debentures has been paid or duly provided for, unless the date hereof is an Interest Payment Date to which interest has been paid or duly provided for in which case from the date of this Debenture, or unless no interest has been paid or duly provided for on the Debentures, in which case from _____ 1, 1995, until payment of said principal sum has been made or duly provided for. Notwithstanding the foregoing, when there is no existing default in the payment of interest on the Debentures, each Debenture authenticated after the Regular Record Date for any Interest Payment Date, but prior to such Interest Payment Date shall be dated the date of its authentication but shall bear interest from such Interest Payment Date; provided, however, that if and to the extent that the Company shall default in the payment of the interest due on such Interest Payment Date, then all such Debentures shall bear interest from the February 1, May 1, August 1, or November 1, as the case may be, to which interest had been paid or duly provided for next preceding such Interest Payment Date, unless no interest has been paid or duly provided for on the Debentures, in which case from _____ 1, 1995. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in said Indenture, be paid to the Person in whose name this Debenture

(or one or more Predecessor Debentures) is registered on the Regular Record Date for such Interest Payment Date.

(3) Extension of Interest Payment Period. Notwithstanding anything contained in the Indenture to the contrary, the Company shall have the right at any time during the term of the Debentures, so long as the Company is not in default in the payment of interest on the Debentures, to extend the interest payment period for an Extension Period (as defined below). Except as provided in the next succeeding sentence, no interest shall be due and payable during an Extension Period, but at the end of each Extension Period the Company shall pay all interest then accrued and unpaid on the Debentures, together with interest thereon, compounded quarterly, at the rate of 6 3/8% per annum, to the extent permitted by applicable law. Prior to the termination of any Extension Period, the Company may (a) on any Interest Payment Date pay all or any portion of the interest accrued on the Debentures as provided on the face hereof to holders of record on the Regular Record Date for such Interest Payment Date or (b) from time to time further extend the interest payment period as provided in the last sentence of this paragraph, provided that any such Extension Period, together with all such previous and further extensions thereof, may not exceed 20 calendar quarters from the last date to which interest on the Debentures was paid in full. If the Company shall elect to pay all of the interest accrued on the Debentures on an Interest Payment Date during any Extension Period, such Extension Period shall automatically terminate on such Interest Payment Date. Upon the termination of any Extension Period and the payment of all amounts of

interest then due, the Company may select a new Extension Period, subject to the above requirements. The Company shall cause the Trustee to give notice to the Holders in the manner provided in the Indenture, not less than five Business Days prior to the earlier of (i) the January 15, April 15, July 15 or October 15 next preceding the applicable Interest Payment Date and (ii) the date on which the Company or the Trustee is required to give notice to the New York Stock Exchange or other applicable self-regulatory organization of the Regular Record Date and payment date for such related interest payment period, of

(x) the Company's election to initiate an Extension Period and the duration thereof,

(y) the Company's election to extend any Extension Period beyond the Interest Payment Date on which such Extension Period is then scheduled to terminate, and the duration of such extension, and

(z) the Company's election to make a full or partial payment of interest accrued on the Debentures on any Interest Payment Date during any Extension Period and the amount of such payment.

The term "Extension Period" means the period from and including the Interest Payment Date next following the date of any notice of extension of the interest payment period on the Debentures given pursuant to the last sentence of the preceding paragraph (or,

in the case of any further extension of the interest payment period pursuant to the third sentence of the preceding paragraph before the payment in full of all accrued interest on the Debentures, the Interest Payment Date next following the date of the first such notice given after the last Interest Payment Date to which interest was paid in full) to but excluding the Interest Payment Date to which payment of interest on the Debentures is so extended, after giving effect to any further extensions of the interest payment period on the Debentures pursuant to the third sentence of the preceding paragraph; provided that no Extension Period shall exceed 20 consecutive quarters from the last date to which interest on the Debentures was paid in full; and provided, further, that any Extension Period shall end on an Interest Payment Date. Notwithstanding the foregoing, in no event shall any Extension Period exceed the final Stated Maturity of the principal of the Debentures.

(4) Method of Payment. The principal of (and premium, if any) and interest on this Debenture are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts at the office or agency of the Company in the City of New York; provided that, at the option of the Company, interest may be paid (i) by check mailed by the Trustee to the address of the Holder as it shall appear on the Register or (ii) by wire transfer to an account maintained by the Holder as specified in the Register, provided that the payment of principal with respect to any Debenture will be made only upon surrender of such Debenture to the Trustee. Any interest not punctually paid or duly provided for shall be payable as provided in the Indenture.

(5) Paying Agent and Registrar. Initially, the Trustee will act as Paying Agent and Registrar through its office at 101 Barclay Street, New York, New York 10286. The Company may change any Paying Agent or Registrar without prior notice to any Holder.

(6) Conversion. Each Debenture will be convertible at the option of the holder hereof at any time after the date of original issuance hereof, unless previously redeemed, into $541.90 for each $1,000 principal amount thereof and the number of fully paid and nonassessable shares of Common Stock obtained by dividing (i) the difference between Principal Amount of such Debenture and $541.90 by (ii) the Conversion Price, and surrendering such Debenture to be converted as provided below; provided, however, that the right to convert Debentures called for redemption shall terminate at the close of business on the day preceding the Redemption Date, unless the Company shall default in making payment of the cash payable upon such redemption. Certificates will be issued for the remaining Debentures in any case in which fewer than all of the Debentures represented by a certificate are converted.

In order to exercise the conversion right, the holder of the Debenture to be converted shall surrender it, duly endorsed or assigned to the Company or in blank, at the office of the Trustee in the City of New York, accompanied by written notice to the Company that the holder hereof elects to convert the Debenture. Unless the shares issuable on conversion are to be issued in the

same name as the name in which such Debenture is

registered, each Debenture surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Company, duly executed by the Holder or such Holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Company demonstrating that such taxes have been paid).

Holders of Debentures at the close of business on an interest payment record date shall be entitled to receive the interest payable on such Debentures on the corresponding Interest Payment Date notwithstanding the conversion hereof following such interest payment record date and prior to such Interest Payment Date. However, Debentures surrendered for conversion during the period between the close of business on any interest payment record date and the opening of business on the corresponding Interest Payment Date (except Debentures converted after the issuance of a notice of redemption with respect to a Redemption Date during such period, which shall be entitled to such interest on the Interest Payment Date) must be accompanied by payment of an amount equal to the interest payable on such Debentures on such Interest Payment Date. A holder of Debentures on an interest payment record date who (or whose transferee) tenders any such Debentures for conversion into shares of Common Stock on such Interest Payment Date will receive the interest payable by the Company on such Debentures on such date, and the converting holder need not include payment of the amount of such interest upon surrender of Debentures for conversion. Except as provided above, the Company shall make no payment or allowance for unpaid interest, whether or not in arrears, on converted Debentures or for dividends on the shares of Common Stock issued upon such conversion.

As promptly as practicable after the surrender of Debentures as aforesaid, the Company shall issue and shall deliver at such office to such Holder, or on his or her written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such Debentures, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided below.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the Debentures shall have been surrendered and such notice (and, if applicable, payment of an amount equal to the interest payable on such Debentures) received by the Company as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date and such conversion shall be at the Conversion Price in effect at such time on such date, unless the stock transfer books of the Company shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such shares shall have been surrendered and such notice received by the Company.

No fractional shares or scrip representing fractions of shares of Common Stock will be issued upon conversion of the Debentures. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a Debenture, the Company shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of the Debentures so surrendered.

The Conversion Price shall be adjusted from time to time as follows:

(a) If the Company shall after the Issue Date (A) pay a dividend or make a distribution on its capital stock in shares of its Common Stock, (B) subdivide its outstanding Common Stock into a greater number of shares, (C) combine its outstanding Common Stock into a smaller number of shares or (D) issue any shares of capital stock by reclassification of its Common Stock, the Conversion Price in effect at the opening of business on the day next following the date fixed for the determination of stockholders entitled to receive such dividend or distribution or at the opening of business on the day next

following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any Debentures thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Debenture been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this paragraph (a) shall become effective immediately after the opening of business on the day next following the record date (except as provided below) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification.

(b) If the Company shall issue after the Issue Date rights or warrants (in each case, other than the Rights) to all holders of Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase Common Stock at a price per share less than the Fair Market Value per share of Common Stock on the record date for the determination of stockholders entitled to receive such rights or warrants, then the Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying (1) the Conversion Price in effect immediately prior to the opening of business on the day next following the date fixed for such determination by

(2) a fraction, the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of shares that the aggregate proceeds to the Company from the exercise of such rights or warrants for Common Stock would purchase at such Fair Market Value, and the denominator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights or warrants. Such adjustment shall become effective immediately after the opening of business on the day next following such record date (except as provided below). In determining whether any rights or warrants entitle the holders of Common Stock to subscribe for or purchase shares of Common Stock at less than such Fair Market Value, there shall be taken into account any consideration received by the Company upon issuance and upon exercise of such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board.

(c) If the Company shall distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidence of its indebtedness or assets (excluding cash dividends or distributions paid from profits or surplus of the Company) or rights or warrants (in each case, other than the Rights) to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Common Stock entitling them for a period expiring within 45 days after the record date referred to in paragraph (b) above to subscribe for or purchase Common Stock, which rights and warrants are referred to in and treated under paragraph (b) above (any of the foregoing being hereinafter in this paragraph (c) called the "Securities")), then in each such case the Conversion Price shall be adjusted so that it shall equal the price determined by multiplying (1) the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by (2) a fraction, the numerator of which shall be the Fair Market Value per share of the Common Stock on the record date mentioned below less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of the portion of the capital stock or assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one share of Common Stock, and the denominator of which shall be the Fair Market Value per share of the Common Stock on the record date mentioned below. Such adjustment shall become effective immediately at the opening of business on the Business Day next following (except as provided below) the record date

for the determination of stockholders entitled to receive such distribution. For the purposes of this paragraph (c), the distribution of a Security, which is distributed not only to the holders of the Common Stock on

the date fixed for the determination of stockholders entitled to receive such distribution of such security, but also is distributed with each share of Common Stock delivered to a person converting a Debenture after such determination date, shall not require an adjustment of the Conversion Price pursuant to this paragraph (c); provided that on the date, if any, on which a Person converting a Debenture would no longer be entitled to receive such Security with a share of Common Stock (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred and the Conversion Price shall be adjusted as provided in this paragraph (c) (and such day shall be deemed to be "the date fixed for the determination of the stockholders entitled to receive such distribution" and "the record date" within the meaning of the two preceding sentences).

(d) No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this paragraph (d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with these conversion provisions (other than this paragraph (d)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of shares of Common Stock. Notwithstanding any other provisions, the Company shall not be required to make any adjustment of the Conversion Price for the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends on securities of the Company. All calculations shall be made to the nearest cent (with $.005 being rounded upward) or to the nearest 1/10 of a share (with .05 of a share being rounded upward), as the case may be. Anything to the contrary notwithstanding, the Company shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Price, in addition to those required by this conversion provision, as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Company to its stockholders shall not be taxable.

If the Corporation shall be a party to any transaction (including without limitation a merger, consolidation, sale of all or substantially all of the Company's assets or recapitalization of the Common Stock and excluding any transaction as to which paragraph (a) above applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any

combination thereof), each Debenture which is not converted into the right to receive stock, securities or other property in connection with such Transaction shall thereafter be convertible into the kind and amount of shares of stock, securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of shares or fraction thereof of Common Stock into which $1,000 principal amount of Debenture was convertible immediately prior to such Transaction, assuming such holder of Common Stock (i) is not a Person with which the Company consolidated or into which the Company merged or which merged into the Company or to which such sale or transfer was made, as the case may be ("Constituent Person"), or an affiliate of a Constituent Person and (ii) failed to exercise his rights of election, if any, as to the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction (provided that if the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction is not the same for each share of Common Stock of the Company held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this paragraph the kind and amount of stock, securities and other

property (including cash) receivable upon such Transaction by each non-electing share shall be deemed to be the kind and amount so receivable per share by the plurality of the non-electing shares). The Company shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions herein and it shall not consent or agree to the occurrence of any Transaction until the Company has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Debentures that will contain provisions enabling the holders of the Debentures that remain outstanding after such Transaction to convert into the consideration received by holders of Common Stock at the Conversion Price in effect immediately prior to such Transaction. The provisions of this paragraph shall similarly apply to successive Transactions.

If:

(i) the Company shall declare a dividend (or any other distribution) on the Common Stock (other than in cash out of profits or surplus and other than the Rights); or

(ii) the Company shall authorize the granting to the holders of the Common Stock of rights or warrants (other than the Rights) to subscribe for or purchase any shares of any class or any other rights or warrants (other than the rights); or

(iii) there shall be any reclassification of the Common Stock (other than an event to which paragraph (a) above with respect to Conversion Price adjustment applies) or any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required,

or the sale or transfer of all or substantially all of the assets of the Company as an entirety; or

(iv) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Company,

then the Company shall cause to be filed with the Trustee and shall cause to be mailed to the holders of the Debentures at their addresses as shown on the Register of the Company, as promptly as possible, but a least 15 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to receive such dividend, distribution or rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings herein.

Whenever the Conversion Price is adjusted as herein provided, the Company shall promptly file with the Trustee an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment which certificate shall be prima facie evidence of the correctness of such adjustment. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the effective date of such adjustment and shall mail such notice of such adjustment of the Conversion Price to the holders of the Debentures at such holders' last address as shown on the Register of the Company.

In any case in which an adjustment shall become effective on the day next following a record date for an event, the Company may defer until the occurrence of such event (A) issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fraction.

For purposes of these conversion provisions, the number of shares of

Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Company. The Company shall not pay a dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

There shall be no adjustment of the Conversion Price in case of the issuance of any stock of the Company in a reorganization, acquisition or other similar transaction except as specifically set forth herein. If any action or transaction would require adjustment of the Conversion Price pursuant to more than one paragraph hereof, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value.

If the Company shall take any action affecting the Common Stock, other than action described herein, that in the opinion of the Board would materially adversely affect the conversion rights of the holders of the Debentures, the Conversion Price for the Debentures may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board may determine to be equitable in the circumstances.

The Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock or its issued shares of Common Stock held in its treasury, or both, for the purpose of effecting conversion of the Debentures, the full number of shares of Common Stock deliverable upon the conversion of all outstanding Debentures not theretofore converted. For purposes of this paragraph, the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding Debentures shall be computed as if at the time of computation all such outstanding Debentures were held by a single holder.

The Company agrees that any shares of Common Stock issued upon conversion of the Debentures shall be validly issued, fully paid and non-assessable. Before taking any action that would cause an adjustment reducing the Conversion Price below the then-par value of the shares of Common Stock deliverable upon conversion of the Debentures, the Company will take any corporate action that, in the opinion of its counsel, may be necessary in order that the Company may validly and legally issue fully-paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

The Company shall endeavor to list the shares of Common Stock required to be delivered upon conversion of the Debentures, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

Prior to the delivery of any securities that the Company shall be obligated to deliver upon conversion of the Debentures, the Company shall endeavor to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock or other securities or property on conversion of the Debentures pursuant to these conversion provisions; provided, however, that the Company shall not be required to pay any tax that

may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock or other securities or property in a name other than that of the holder of the Debentures to be converted and no such issue or delivery shall be made unless and until the person requesting any issue or delivery has paid to the Company the amount of any such tax or established, to the reasonable satisfaction of the Company, that such tax has been paid.

The term "Conversion Price" means the conversion price per share of Common Stock for which the Debentures are convertible, as such Conversion Price may be adjusted. The initial conversion price will be $143.50.

The term "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the last reported sales price, regular way on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the NYSE Composite Tape, or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange

on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market ("NNM") of the National Association of Securities Dealers, Inc. Automated Quotations System ("Nasdaq") or, if such security is not quoted on such NNM, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on such day shall not have been reported through Nasdaq, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board.

The term "Fair Market Value" means the average of the daily Current Market Prices of a share of Common Stock during the five (5) consecutive Trading Days selected by the Company commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "ex date," when used with respect to any issuance or distribution, means the first day on which the Common Stock trades regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

The term "Principal Amount" shall mean the principal amount of the Debenture.

The term "Rights" means the rights associated with and trading with each share of Common Stock outstanding.

The term "Trading Day" means any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or

admitted, or if not listed or admitted for trading on any national securities exchange, on the NNM, or if such securities are not quoted on such NNM, in the applicable securities market in which the securities are traded.

(7) Redemption. The Debentures may be redeemed, at the option of the Company, in whole or in part, on any date on or after May 1, 1996, upon not less than 30 nor more than 60 days' prior notice given as provided in the Indenture, at the following Redemption Prices (expressed as percentages of the principal amount thereof redeemed), plus accrued and unpaid interest, if any, up to but excluding the redemption date, if redeemed during the twelve-month period commencing May 1 of the years indicated:

Year	Redemption Price	Year	Redemption Price
1996	104.375%	200	101.875%
1997	103.750%	2001	101.250%
1998	103.125%	2002	100.625%
1999	102.500%	2003 and thereafter	100.000%

(except that interest installments whose Stated Maturity is the Redemption Date will be payable to the Holders of such Debentures, or one or more predecessor Debentures, of record on the relevant Regular Record Date referred to on the face hereof). The Company may exercise this redemption option only if for 20 trading days within any period of 30 consecutive trading days, including the last trading day, the last sale price of the Common Stock of the Company as reported by the New York Stock Exchange Composite Transaction Tape exceeds 120% of the Conversion Price, subject to adjustment as described herein.

(8) Denominations, Transfer, Exchange. The Debentures are issuable only as registered Debentures without coupons in the denominations of $1,000 and any integral multiple thereof. As provided in the Indenture, and subject to certain limitations therein set forth, Debentures are exchangeable for a like aggregate principal amount of Debentures of different authorized denominations as requested by the Holder surrendering the same and upon surrender of the Debenture for registration of transfer at the office or agency of the Company in the City of New York, the Company will execute, and the Trustee will authenticate and deliver, in the name of the designated transferee or

transferees, one or more new Debentures, of authorized denominations and of a like aggregate principal amount and tenor. Every Debenture surrendered for registration of transfer or exchange will, if required by the Company, the Registrar or the Trustee, be duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company, the Registrar and the Trustee duly executed by, the Holder hereof or his attorney duly authorized in writing. No service charge will be made for any such registration of transfer or exchange, but the

Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(9) Persons Deemed Owners. Prior to due presentment for registration of transfer of this Debenture, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Debenture is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Debenture is overdue, and neither the Company, the Trustee nor any such agent will be affected by notice to the contrary.

(10) Defaults and Remedies. If an Event of Default as defined in the Indenture shall occur, the principal of all Debentures may be declared due and payable in the manner and with the effect provided in the Indenture.

(11) Subordination. The Company and each Holder, by acceptance hereof, agrees that the payment of the principal of, and premium, if any, and interest on the Debentures is subordinated, to the extent and in the manner provided in the Indenture, to the prior payment in full of the Senior Indebtedness of the Company as defined in the Indenture and this Debenture is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Debenture, by accepting the same, authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate in the discretion of the Trustee to effectuate the subordination so provided and appoints the Trustee his attorney-in-fact for such purpose.

(12) Indebtedness. The Company and, by its acceptance of this Debenture or a beneficial interest herein, the Holder of, and any Person that acquires a beneficial interest in, this Debenture agree that for United States federal, state and local tax purposes it is intended that this Debenture constitute indebtedness.

(13) Amendments and Waivers. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debentures under the Indenture at any time by the Trustee with the consent of the Holders of a majority of the aggregate principal amount of the Debentures at the time Outstanding. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Debentures at the time Outstanding, on behalf of the Holders of all the Debentures, by notice to the Trustee to waive certain past Defaults or Events of Default and their consequences under the Indenture.

(14) Obligation Absolute. No reference herein to the Indenture and no provision of this Debenture or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Debenture at the times, place and rate, and in the coin or currency, hereto prescribed.

(15) No Recourse Against Others. No recourse for the payment of the principal of or interest on this Debenture, or for any claim based hereon or on the Indenture and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Debenture, or because of the creation of any indebtedness represented hereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

(16) Governing Law. THIS DEBENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to: UAL Corporation, P.O. Box 66100, Chicago, Illinois 60666, Attention: Treasurer.

Exhibit 5.1

March 1, 1995

Securities and Exchange Commission
450 Fifth Avenue, N.W.
Washington, D.C. 20549

Re: Registration Statement on Form S-4
(File No. 33-57579)

Ladies and Gentlemen:

I am Vice President-Law and Corporate Secretary of UAL Corporation, a Delaware corporation (the "Company"), and am familiar with the proceedings taken and to be taken by the Company (the "Corporate Proceedings") in connection with the Registration Statement on Form S-4 (File No. 33-57579) (the "Registration Statement"), that the Company has filed under the Securities Act of 1933, as amended (the "Securities Act"), relating to the offer to exchange for the Company's outstanding shares of Series A Convertible Preferred Stock (the "Series A Preferred Stock") the Company's 6-3/8% Convertible Subordinated Debentures due 2025 (the "Debentures") to be issued pursuant to an indenture (the "Indenture") to be dated as of April 3, 1995 between the Company and The Bank of New York, as trustee.

This opinion is delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K promulgated under the Securities Act.

In connection with this opinion, I or attorneys under my supervision have examined or are familiar with originals or copies of (i) the Restated Certificate of Incorporation and By-laws of the Company, (ii) resolutions of the Board of Directors, (iii) the Registration Statement, (iv) the Rights Agreement dated as of December 11, 1986, as amended, between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agreement"), which provides for one right (the "Right") to purchase shares of the Company's Series C Junior Participating Preferred Stock to be attached to and issued with each share of the Company's common stock, $.01 par value (the "Common Stock"), and (v) such other documents as I have deemed necessary or appropriate as a basis for the opinions set forth below.

Based upon and subject to the foregoing, I am of the opinion that upon completion of the Corporate Proceedings:

1. The Debentures will have been duly authorized for issuance and, when the Indenture has been duly executed and delivered by the parties thereto and when the Debentures are duly executed, authenticated, issued and delivered in exchange for the shares of Series A Preferred Stock as contemplated by the Registration Statement, the Debentures will constitute valid and legally binding obligations of the Company entitled to the benefits of the Indenture, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (whether considered in a proceeding at law or in equity) and the laws of fraudulent conveyance.

2. The Common Stock to be issued upon conversion of the Debentures, when issued in accordance with the terms of the Debentures, will be validly issued, fully paid and nonassessable.

3. The Rights, when issued in accordance with the Rights Agreement, will be validly issued.

I hereby consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement.

Very truly yours,

/s/ FRANCESCA M. MAHER

Francesca M. Maher
Vice President-Law and
Corporate Secretary

EXHIBIT 23.2

Consent of Mayer, Brown & Platt

We hereby consent to the inclusion in this Registration Statement on Form S-4 of our opinion under the captions "Certain Federal Income Tax Considerations" and "Certain Federal Income Tax Considerations for Non-United States Persons" and to the reference to us under the caption "Legal Matters."

MAYER, BROWN & PLATT

Chicago, Illinois
March 1, 1995

EXHIBIT 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated February 23, 1995, included in UAL Corporation's Form 8-K dated February 28, 1995 and our report dated February 23, 1994 included in UAL Corporation's Form 10-K for the year ended December 31, 1993 and to all references to our Firm included in this registration statement.

Arthur Andersen LLP

Chicago, Illinois
February 28, 1995

EXHIBIT 25.1

THIS CONFORMING PAPER FORMAT DOCUMENT IS BEING SUBMITTED
PURSUANT TO RULE 901(d) OF REGULATION S-T

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FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) [_]

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a U.S. national bank)	13-5160382 (I.R.S. employer identification no.)
48 Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

UAL CORPORATION
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	36-2675207 (I.R.S. employer identification no.)
1200 East Algonquin Road Elk Grove Township, Illinois (Address of principal executive offices)	60007 (Zip code)

_____

Convertible Subordinated Debentures
(Title of the indenture securities)

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1. GENERAL INFORMATION. FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(A) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

Name	Address
Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203

Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York

(B) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

2. AFFILIATIONS WITH OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None. (See Note on page 3.)

16. LIST OF EXHIBITS.

EXHIBITS IDENTIFIED IN PARENTHESES BELOW, ON FILE WITH THE COMMISSION, ARE INCORPORATED HEREIN BY REFERENCE AS AN EXHIBIT HERETO, PURSUANT TO RULE 7A-29 UNDER THE TRUST INDENTURE ACT OF 1939 (THE "ACT") AND RULE 24 OF THE COMMISSION'S RULES OF PRACTICE.

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)

6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the Trustee of all facts on which to base a responsive answer to Item 2, the answer to said Item is based on incomplete information.

Item 2 may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 27th day of February, 1995.

THE BANK OF NEW YORK

By: /s/ Walter N. Gitlin

Name: Walter N. Gitlin
Title: Vice President

EXHIBIT 7

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Consolidated Report of Condition of

THE BANK OF NEW YORK

of 48 Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business September 30, 1994, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar Amounts in Thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 2,833,550
Interest-bearing balances	701,828
Securities:	
Held-to-maturity securities	1,359,569
Available-for-sale securities	1,725,600
Federal funds sold in domestic offices of the bank	5,350,368
Loans and lease financing receivables:	
Loans and leases, net of unearned income	24,252,467
LESS: Allowance for loan and lease losses	629,631
LESS: Allocated transfer risk reserve	30,661
Loans and leases, net of unearned income, allowance, and reserve	23,592,175
Assets held in trading accounts	1,354,396
Premises and fixed assets (including capitalized leases)	629,219
Other real estate owned	51,372
Investments in unconsolidated subsidiaries and associated companies	178,742
Customers' liability to this bank on acceptances outstanding	996,184
Intangible assets	76,599
Other assets	1,498,770
Total assets	$40,348,372
LIABILITIES	
Deposits:	
In domestic offices	$19,692,982
Noninterest-bearing	8,179,472
Interest-bearing	11,513,510
In foreign offices, Edge and Agreement subsidiaries, and IBFs	10,034,789
Noninterest-bearing	57,902
Interest-bearing	9,976,887
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of	

the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
Federal funds purchased	1,240,870
Securities sold under agreements to repurchase	37,612
Demand notes issued to the U.S. Treasury	197,519
Trading liabilities	975,739
Other borrowed money:	
With original maturity of one year or less	1,621,466
With original maturity of more than one year	33,955
Bank's liability on acceptances executed and outstanding	997,024
Subordinated notes and debentures	1,062,320
Other liabilities	1,450,981
Total liabilities	$37,345,257
EQUITY CAPITAL	
Common stock	$ 942,284
Surplus	525,666
Undivided profits and capital reserves	1,577,819
Net unrealized holding gains (losses) on available-for-sale securities	(36,779)
Cumulative foreign currency translation adjustments	(5,875)
Total equity capital	3,003,115
Total liabilities and equity capital	$40,348,372

I, Robert E. Keilman, Senior Vice President and Comptroller of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Robert E. Keilman

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

Thomas A. Renyi)
J. Carter Bacot) Directors
Alan R. Griffith)

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