

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13E-3
RULE 13E-3 TRANSACTION STATEMENT
(PURSUANT TO SECTION 13(E) OF THE SECURITIES EXCHANGE ACT
OF 1934 AND RULE 13E-3 THEREUNDER)

UAL CORPORATION
(Name of Issuer)
UAL CORPORATION AND UNITED AIR LINES, INC.
(Name of Persons Filing Statement)

COMMON STOCK, PAR VALUE \$5 PER SHARE, OF UAL
(Title of Class of Securities)

902549 5 10 4
(CUSIP Numbers of Classes of Securities)

LAWRENCE M. NAGIN, ESQ.
UAL CORPORATION
P.O. BOX 66100
CHICAGO, ILLINOIS 60666
(708) 952-4000

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications on Behalf of Persons Filing Statement)

Copies to:
PETER ALLAN ATKINS, ESQ.
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919 THIRD AVENUE
NEW YORK, NEW YORK 10022

This statement is filed in connection with (check the appropriate box):

- a. The filing of solicitation materials or an information statement subject
--- to Regulation 14A, Regulation 14C, or Rule 13e-3(c) under the Securities
Exchange Act of 1934.
- b. The filing of a registration statement under the Securities Act of 1933.

- c. A tender offer.

- d. None of the above.

Check the following box if the soliciting materials or information statement
referred to in checking box (a) are preliminary copies.

CALCULATION OF FILING FEE

Transaction Valuation: \$3,677,241,268* Amount of Filing Fee: \$735,448.25

* For purposes of calculating fee only. This amount assumes that the number
of shares of Common Stock, par value \$5 per share, of UAL (the "Old
Shares") to be reclassified pursuant to the Plan of Recapitalization (as
defined herein) is 28,926,185. The filing fee is based on the average of
the high and low prices for Old Shares on April 16, 1994 (\$127.125).

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2)
--- and identify the filing with which the offsetting fee was previously
paid. Identify the previous filing by registration statement number, or
the form or schedule and the date of its filing.

Amount previously paid: \$700,462.52 Filing parties: UAL Corporation and United
----- Airlines, Inc. -----

Form or registration no.: Pending Date filed: April 12, 1994

Amount previously paid: \$310,208.41 Filing party: United Airlines, Inc.

Form or registration no.: 33-57192 Date filed: January 21, 1993

INTRODUCTION

This Schedule 13E-3 relates to a recapitalization (the "Recapitalization") of UAL Corporation, a Delaware corporation (the "Company" or "UAL") pursuant to the Agreement and Plan of Recapitalization dated as of March 25, 1994 (the "Plan of Recapitalization") among UAL, the Air Line Pilots Association, International ("ALPA") and the International Association of Machinists and Aerospace Workers (the "IAM"). Under the Plan of Recapitalization, each share of Common Stock, par value \$5 per share, of the Company (the "Old Shares") that is outstanding at the Effective Time (as defined in the Plan of Recapitalization) will be converted into, and become a right to receive (a) \$25.80 in cash, (b) \$15.55 principal amount of Series A Debentures due 2004 of United Air Lines, Inc., a Delaware corporation and a wholly-owned subsidiary of UAL ("United") (the "Series A Debentures"), (c) \$15.55 principal amount of Series B Debentures due 2014 of United (the "Series B Debentures" and, together with the Series A Debentures, the "Debentures"), (d) \$31.10 liquidation value of Series B Preferred Stock, without par value, of the Company (the "Public Preferred Stock") and (e) one half (0.5) of a share of new Common Stock, par value \$0.01 per share, of the Company (the "New Shares") (collectively, the "Recapitalization Consideration"). In addition, the Plan of Recapitalization provides for (1) certain amendments to the Company's Certificate of Incorporation and Bylaws that will, among other things, effectuate the Recapitalization and put into place the revised corporate governance structure contemplated by the Plan of Recapitalization and (2) the issuance of new classes of preferred stock that will (a) transfer approximately 53% (which, under certain circumstances may be increased, up to a maximum of approximately 63%) of the common equity and voting power of the Company to employee stock ownership plans to be established for the benefit of certain groups of employees and (b) effectuate the corporate governance structure referred to above by permitting different constituent groups to elect members of the Company's Board of Directors.

The Plan of Recapitalization further provides for certain amendments to the existing ALPA collective bargaining agreement and IAM collective bargaining agreements and the creation of a salaried and management employees cost reduction program, all of which will become effective at the Effective Time and are estimated to provide United with \$8.2 billion in improved operating earnings over a twelve year period with a net present value of approximately \$4.9 billion. Furthermore, certain employee benefit plans maintained by the Company and United will be amended to permit employees to acquire substantial amounts of the New Shares, Public Preferred Stock and the Debentures.

The Plan of Recapitalization is incorporated by reference as Exhibit 2.1 to the Registration Statement on Form S-4 filed by UAL and United with the Securities and Exchange Commission (the "Commission") on the date hereof from Exhibit 10.1 to UAL's Form 8-K dated March 28, 1994.

This Schedule 13E-3 is being filed jointly by UAL and United. By filing this Schedule 13E-3, neither UAL nor United concedes that Rule 13e-3 under the Securities Exchange Act of 1934 (the "Act of 1934") is applicable to the Recapitalization or any other transactions contemplated by the Plan of Recapitalization.

The information set forth in the Registration Statement, including the Plan of Recapitalization and other exhibits, is incorporated in its entirety herein by reference. The following is a summary cross-reference sheet pursuant to General Instruction F of Schedule 13E-3, showing the location in the Proxy Statement/Joint Prospectus that is a part of the Registration Statement and the Plan of Recapitalization of information required by Schedule 13E-3. To the extent the requirements of Schedule 13E-3 are met by the Plan of Recapitalization, no attempt is made in the following cross-reference sheet to distinguish more limited requirements of the corresponding Form S-4 items which are also referenced.

SCHEDULE
13E-3 ITEM

CAPTION OR LOCATION IN THE PROXY
STATEMENT/JOINT PROSPECTUS

-
- Item 1: Issuer and Class of Security Subject to the Transaction.
- (a) Cover Page; SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--The Company and United
 - (b) Cover Page; SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--Purpose of the Meeting; INTRODUCTION--Voting Rights and Proxy Information
 - (c) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--Market Prices of the Old Shares; Dividends; MARKET PRICES OF THE SHARES; DIVIDENDS
 - (d) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--Market Prices of the Old Shares; Dividends; MARKET PRICES OF THE SHARES; DIVIDENDS
 - (e) Not applicable.
 - (f) Not applicable.
- Item 2: Identity and Background.
- SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--The Company and United The persons filing this schedule are the issuer (UAL) and its wholly-owned subsidiary (United).
 - (a)-(d) Not applicable.
 - (e)-(f) None.
 - (g) Not applicable.
- Item 3: Past Contacts, Transactions or Negotiations.
- (a) Not applicable.
 - (b) Not applicable.
- Item 4: Terms of the Transaction.
- (a) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--The Plan of Recapitalization; THE PLAN OF RECAPITALIZATION; ELECTION OF DIRECTORS; DESCRIPTION OF SECURITIES
 - (b) Not applicable.

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- Item 5: Plans or Proposals of the Issuer or Affiliate
- (a) Not applicable.
 - (b) Not applicable.
 - (c) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization; SPECIAL
FACTORS--Management Arrangements; THE PLAN
OF RECAPITALIZATION--Revised Governance
Structure; --Terms and Conditions
 - (d) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization; THE PLAN OF
RECAPITALIZATION--Terms and Conditions;
UNAUDITED PRO FORMA FINANCIAL INFORMATION;
CAPITALIZATION
 - (e) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization; SPECIAL
FACTORS--Implementation of the "Airline-
Within-an-Airline" (U2)
 - (f) Not applicable.
 - (g) Not applicable.
- Item 6: Source and Amounts of Funds or Other Consideration.
- (a) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization; THE PLAN OF
RECAPITALIZATION--Terms and Conditions
 - (b) FEES AND EXPENSES
 - (c) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization; DESCRIPTION OF
THE SECURITIES--The Debentures;--The ESOP
Preferred Stock
 - (d) Not applicable.
- Item 7: Purpose(s), Alternatives, Reasons and Effects.
- (a) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
Background of the Recapitalization;
BACKGROUND OF THE PLAN OF RECAPITALIZATION;
SPECIAL FACTORS--Purpose and Structure of
the Recapitalization
 - (b) BACKGROUND OF THE PLAN OF RECAPITALIZATION
 - (c) SPECIAL FACTORS--Purpose and Structure of the
Recapitalization

- (d) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization; BACKGROUND OF
THE PLAN OF RECAPITALIZATION; SPECIAL
FACTORS--Certain Company Analyses; --Certain
Revenue and Earnings Scenarios; --Effect of
the Recapitalization on Income Statement,
Book Equity and Cash Flow;--Implementation of
the "Airline-Within-an-Airline" (U2); --Unit
Costs; CERTAIN FEDERAL INCOME TAX
CONSEQUENCES
- Item 8: Fairness of the Transaction.
- (a) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization--Recommendation
of the Board; BACKGROUND OF THE PLAN OF
RECAPITALIZATION; SPECIAL FACTORS--
Recommendation of the Board
- (b) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization--Recommendation
of the Board; SPECIAL FACTORS--Recommendation
of the Board
- (c) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
Vote Required; INTRODUCTION--Voting Rights
and Proxy Information
- (d) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization--Opinions of
Financial Advisors to the Board; SPECIAL
FACTORS--Opinions of the Financial Advisors
to the Board
- (e) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization--Recommendation
of the Board; SPECIAL FACTORS--Recommendation
of the Board
- (f) Not applicable
- Item 9: Reports, Opinions, Appraisals and Certain Negotiations.
- (a) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization--Opinions of the
Financial Advisors to the Board; BACKGROUND
OF THE PLAN OF RECAPITALIZATION; SPECIAL
FACTORS--Opinions of the Financial Advisors
to the Board; EXPERTS
- (b) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--
The Plan of Recapitalization--Opinions of the
Financial Advisors to the Board; BACKGROUND
OF THE PLAN OF RECAPITALIZATION; SPECIAL
FACTORS--Opinions of the Financial Advisors
to the Board; EXPERTS
- (c) INCORPORATION OF CERTAIN DOCUMENTS BY
REFERENCE; Opinions of CS First Boston
Corporation and Lazard Freres & Co. are
attached to the Proxy Statement/Joint
Prospectus as Annexes I and II, respectively

SCHEDULE
13E-3 ITEM

CAPTION OR LOCATION IN THE PROXY
STATEMENT/JOINT PROSPECTUS

-
- Item 10: Interest in Securities of the Issuer.
(a) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--Vote Required
(b) Not applicable.
- Item 11: Contracts, Arrangements or Understandings with Respect to the Issuer's Securities.
SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--The Plan of Recapitalization; THE PLAN OF RECAPITALIZATION--Terms and Conditions;--Establishment of ESOPs;--Revised Governance Structure; DESCRIPTION OF SECURITIES
- Item 12: Present Intention and Recommendation of Certain Persons with Regard to the Transaction.
(a) None.
(b) Not applicable.
- Item 13: Other Provisions of the Transaction.
(a) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--The Plan of Recapitalization--No Appraisal Rights; INTRODUCTION
(b) Not applicable.
(c) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--The Plan of Recapitalization--Conditions to the Recapitalization; THE PLAN OF RECAPITALIZATION--Terms and Conditions--Conditions
- Item 14: Financial Information.
(a) INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE; SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS-- Selected Consolidated Historical and Pro Forma Operating Information; SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION
(b) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--Selected Consolidated Historical and Pro Forma Operating Information; UNAUDITED PRO FORMA FINANCIAL INFORMATION
- Item 15: Persons or Assets Employed, Retained or Utilized.
(a) COVER PAGE; SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--The Plan of Recapitalization-- Opinions of the Financial Advisors to the Board; SPECIAL FACTORS--Opinions of the Financial Advisors to the Board; THE PLAN OF RECAPITALIZATION-- Terms and Conditions; FEE AND EXPENSES

- (b) SUMMARY OF PROXY STATEMENT/JOINT PROSPECTUS--The Plan of Recapitalization; SPECIAL FACTORS-- Opinions of the Financial Advisors to the Board; --Opinion of Valuation Firm; INDEPENDENT PUBLIC ACCOUNTANTS; EXPERTS; LEGAL OPINION; PROXY SOLICITATION

Item 16: Additional Information None.
Item 17: Material to be Filed as Exhibits

- (a)(1) Indenture dated as of July 1, 1991 between United and The Bank of New York providing for the issuance of Senior Debt Securities in series (filed as Exhibit 4(a) of United's Registration Statement on Form S-3 (No. 33-57192) and incorporated herein by reference).
- (a)(2) Form of Officer's Certificate relating to United's Series A Debentures due 2004 and United's Series B Debentures due 2014 (filed as Schedule 1.3 to Exhibit 10.1 of UAL's Form 8-K dated March 28, 1994 and incorporated herein by reference).
- (b)(1) Presentation to the UAL Corporation Board of Directors by CS First Boston Corporation and Lazard Freres & Co. dated December 16, 1993.
- (b)(2) Presentation to the UAL Corporation Board of Directors by CS First Boston Corporation and Lazard Freres & Co. dated December 22, 1993.
- (b)(3) Presentation to the UAL Corporation Board of Directors by CS First Boston Corporation and Lazard Freres & Co. dated March 14, 1994.
- (c)(1) Same as item filed as Exhibit (a)(1).
- (c)(2) Same as Item filed as Exhibit (a)(2).
- (c)(3) Proposed Restated Certificate of Incorporation of UAL Corporation (filed as Schedule 1.1 to Exhibit 10.1 of UAL's Form 8-K dated March 28, 1994 and incorporated herein by reference).
- (d)(1) Chairman's Letter to Stockholders, Notice of Meeting of Stockholders and the Proxy Statement/Joint Prospectus filed as a part of UAL's and United's Registration Statement on Form S-4 on the date hereof and incorporated herein by reference.
- (e) Not applicable.
- (f) Not applicable.

SIGNATURE

After due inquiry, and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

UAL Corporation

/s/ John C. Pope

By: _____

John C. Pope
Director, President and
Chief Operating Officer

Date: April 12, 1994

SIGNATURE

After due inquiry, and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

United Air Lines, Inc.

/s/ John C. Pope

By: _____

John C. Pope
Director, Chairman and
Chief Executive Officer

Date: April 12, 1994

EXHIBIT INDEX

EXHIBIT
NUMBER

- 99.(a)(1) Indenture dated as of July 1, 1991 between United and The Bank of New York providing for the issuance of Senior Debt Securities in series (filed as Exhibit 4(a) of United's Registration Statement on Form S-3 (No. 33-57192) and incorporated herein by reference).....
- 99.(a)(2) Form of Officer's Certificate relating to United's Series A Debentures due 2004 and United Series B Debentures due 2014 (filed as Schedule 1.3 to Exhibit 10.1 of UAL's Form 8-K dated March 28, 1994 and incorporated herein by reference).....
- 99.(b)(1) Presentation to the UAL Corporation Board of Directors by CS First Boston Corporation and Lazard Freres & Co. dated December 16, 1993.....
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- 99.(e) Not applicable.....
- 99.(f) Not applicable.....

UAL CORPORATION
PRESENTATION TO THE BOARD OF DIRECTORS

December 16, 1993

CS First Boston

Lazard Freres & Co.

AGENDA

- [] Overview
- [] Structure and Valuation Issues
- [] Timetable

TRANSACTION OVERVIEW

-
- [] Union Coalition ("Coalition") acquires a minimum of a 53% equity interest in UAL Corporation ("UAL"), in exchange for wage concessions and work rule changes
 - Coalition equity interest may be increased up to 63% if the average daily stock price for one year, post closing, exceeds \$85.00

 - [] The wage concessions are from three employee groups:
 - ALPA
 - IAM
 - Non-Contract Employees

 - [] The employee investment of \$4.548 billion on a net present value basis (at 10%) is being made in two forms:
 - Basic 6-year concession package
 - Additional 12-year concession and work rule package designed to provide longer-term competitive short-haul economics ("U2").

CONSIDERATION RECEIVED
BY UAL'S SHAREHOLDERS

Employee Investment (NPV @ 10%): \$4.548 billion

	Total Value (\$ MM)	Value Per Share (1)
	-----	-----
Special Distribution:		
Cash	\$ 743	\$25.72
Debentures	900	31.14
Preferred Stock	900	31.14
	-----	-----
Special Distribution Total	\$2,543	\$88.00
Common Equity Value (47% ownership)	TBD	TBD
	-----	-----
Total Consideration	TBD	TBD

TBD - To be determined.

(1) Assumes 28.9 million shares outstanding.

"GIVES / GETS" APPROACH TO VALUATION
(\$MM except per share data)

Example for Illustrative Purposes Only

Total Employee Investment (Present Value at 10%)		\$ 4,548
Pre-Restructuring Value Per Share		
Estimated Normalized Share Price	\$133	
Less Present Value of Forgone Enhancements	33	

Shares Outstanding (MM)	\$100 28.9	

Total Pre-Restructuring Value		2,890
Incremental Value-Kitchens		
Cash to be Received	\$119	
Present Value of Cost Savings	210	

Total Incremental Value-Kitchens		330

Total Value		\$ 7,768
Less: Distribution of Cash & Securities (\$88 per share)		(2,543)

Residual Market Value (Post Transaction)		\$ 5,225
		=====
Per Share		\$180.80
		=====
47%		\$ 84.97
		=====

SPECIAL DISTRIBUTION TERMS

Senior Unsecured Debentures

Amount: Tranche A - \$450 MM
Tranche B - 450

Total \$900 MM

Maturity: Tranche A - 10 years
Tranche B - 20 years

Coupon: Tranche A - 10-Year Treasury + ___ - ___ bps
Tranche B - 30-Year Treasury + ___ - ___ bps

Optional Redemption: Non callable for ___ years. Callable at a premium thereafter, declining to par at the end of year 10.

Mandatory Redemption: None

SPECIAL DISTRIBUTION TERMS

Redeemable Preferred Stock

Amount: \$900 MM
Liquidation Value: \$900 MM
Maturity: Perpetual
Dividends: _____% of Liquidation Value
Optional Redemption: Non-callable for _____ years. Thereafter
callable at any time at par
Vote: Non-voting unless UAL defaults on six quarterly
dividends, then can elect two additional public
directors
Ranking: Senior to ESOP Preferred

SPECIAL DISTRIBUTION ISSUES

- [] The cash and securities will be structured as a special distribution to UAL's shareholders, similar to a recapitalization.
- [] The debt and preferred stock will be priced to trade at par on a fully distributed basis.
- [] Initial coupons for the debt and dividend for the preferred stock will be determined upon execution of the definitive documentation, subject to adjustment at the time of the shareholder vote. However, rates cannot be adjusted more than _____ bp.
- [] Since the first pricing will not occur until the execution of definitive documentation, UAL can obtain new ratings prior to determining rates.

ADDITIONAL ISSUES FOR BOARD TO CONSIDER

- [] Alternatives available to UAL to maximize value
 - * Restructuring scenarios
 - * Sale to third party
- [] Impact of transaction on UAL's access to financing
 - * Pro forma credit ratios
 - * Potential ratings downgrade -- cap on securities repricing
 - * Restrictions on future equity insurance and asset sales
- [] Time lag between letter agreement and proxy distribution
 - * "Bring-down" fairness opinion

CLOSING CONDITIONS

- Negotiation of definitive documentation
- Ratification by ALPA and IAM
- Approval by UAL shareholders
- Listing of pro forma common stock on NYSE
- Termination provisions

ESOP STRUCTURE

- [] Coalition acquires UAL's equity through employee trusts/qualified Employee Stock Ownership Plans ("ESOP")
- [] ESOP Trust purchases ESOP Preferred Stock with a loan from UAL
- [] ESOP loan repaid with employer contributions and ESOP Preferred dividends
- [] ESOP Preferred Stock allocated to employee accounts equally over base concession period
- [] However, employees exercise control over all of their shares immediately through ESOP Trust
- [] Allocated shares voted on a confidential pass-through basis and unallocated shares voted proportionately to allocated shares
- [] ESOP share allocation:
 - * ALPA - 46.2%
 - * IAM - 37.2%
 - * Non-Contract - 16.6%

STOCK VALUATION ISSUES - EARNINGS

[] New accounting regulations governing "Stock Based Compensation" require:

- * Stock compensation expense for periodic stock allocations to be measured by market value of shares at time of allocation
- * Only allocated shares are outstanding for EPS purposes
- * Circular relationship between ESOP charge and Company's stock price, coupled with size of contemplated ESOP, make future earnings difficult to forecast
- * Book earnings will be depressed in early years due to mismatch between term of concessions (which boost earnings) of 12 years and shorter period of only 6 years over which ESOP charges occur
- * Wall Street equity research community and investors may look through ESOP charges

STOCK VALUATION ISSUES - TAX CONSIDERATIONS

-
- [] Under IRS rules, annual ESOP charges are fixed at the outset and are based on historical cost

 - [] The tax ESOP charge is based on the original ESOP loan amount recorded on UAL's balance sheet at the time the ESOP shares were purchased

ADDITIONAL VALUATION ISSUES

[] Majority employee-owned company

* Potential employee conflict between desire for better wages and increase in stock price

[] Restrictions on sale of equity, asset sales and other corporate decisions

[] Corporate governance provisions -- effect on stock

PROJECTED TIMETABLE

DATE	EVENT
December 16 and _____ If Approved	UAL Board meetings to discuss transaction
December _____	ALPA, IAM ratification process
Mid-January 1994	Execution of definitive documentation
Late January 1994	File proxy material with SEC
February to Mid-March 1994	SEC proxy review
Mid-March 1994	Mail proxy material to UAL shareholders
Mid-April 1994	UAL shareholders meeting. If approved, close shortly thereafter

Presentation to the Board of Directors

UAL CORPORATION

December 22, 1993

CS First Boston Corporation

Lazard Freres & Co.

Agenda

- [] Proposed Transaction
- [] Valuation of UAL
- [] Summary

Outline of Proposal

- Amount/Form [] ALPA, IAM and salaried/management employees are "Participating Employees" - AFA provision.
- [] Minimum 53% equity interest to employees via ESOP Trusts in exchange for wage concessions and work rule changes.
- [] Up to 63% equity interest based on \$85/share pivot point and a 33% market value increase.
- [] UAL stockholders retain 47%-37% equity interest.
- [] UAL stockholders receive cash, debentures and preferred stock in an amount equal to \$88 per share.
- Voting/Control [] 12 directors consisting of five public directors (elected by public stockholders), four independent directors (elected by special class of stock held by independent directors), two union directors and one salaried/management employee director.
- [] Asset sale limitations.
- [] Equity issuance mechanism.
- [] Sunset provision triggered at less than 20% ESOP equity interest.

Coalition Proposal

	Nominal Terms		Valuation	
	Total Value (\$MM)	Value Per Share/(1)/	Total Value (\$MM)	Value Per Share/(1)/
Consideration:				
Cash	\$ 743	\$25.72	\$ 743	\$25.72
Debentures	900	\$31.14/(2)/	900	31.14/(4)/
Preferred Stock	900	31.14/(3)/	900	31.14/(4)/
Subtotal	\$2,543	\$88.00	\$2,543	\$88.00
Common Equity Value (47% ownership)			\$2,312-2,370	\$80.00-82.00
Total Consideration			\$4,855-4,913	\$168.00-170.00

- /(1)/ Assumes 28.9 million shares outstanding.
/(2)/ Principal amount.
/(3)/ Stated value.
/(4)/ Assumes no limitation by collar.

"Gives/Gets" Analysis

(\$MM except per share data)	
Total Employee Investment (Present Value at 10%)	\$4,548
Pre-Restructuring Value Per Share	
Estimated Normalized Share Price	\$ 133
Less Present Value of Foregone Enhancements	33

Shares Outstanding (MM)	\$ 100
	28.9

Total Pre-Restructuring Value	2,890
Incremental Value-Kitchens	330

Implied Total Value	7,768
Less: Consideration of Cash & Securities	
(\$88 per share)	(2,543)

Residual Market Value (Post Transaction)	\$5,225
	=====
Implied Value Per Share for Public Shareholders - 47%	
(initially)	\$84.97
	=====

"Give-Gets" Comparison

	Coalition Proposals	
	December 22	November 11
Major Components		
Employee Investment - Present Value at 10%	\$4,548MM =====	\$4,259MM =====
Consideration Per Share		
Cash	\$ 25.72	\$ 21.60
Debentures	31.14	17.36
Preferred Stock	31.14	26.04
	-----	-----
Coalition Ownership	\$ 88.00	\$ 65.00
Implied Equity Value	53% - 63%	60%
Per Share	85.00	75.00
	-----	-----
Implied Total Value		
Per Share	\$ 173.00 =====	\$ 140.00 =====

Pro Forma Balance Sheet Outlook

At December 31, 1993

	No Transaction	Transaction Adjustments	Pro Forma
Cash	\$ 1,819	\$ (743)	\$ 1,076/(1)/
Total Debt & Capitalized Rents/(2)/	10,379	900	11,279
Preferred Stock/(3)/	591	900	900
Common Equity	620	(1,209)	(589)
Total Debt/Book Capitalization	89.6%		97.3%

/(1)/ Excludes proceeds from sale of Kitchens.

/(2)/ Rents of \$860.2MM capitalized at 7.5x.

/(3)/ Includes convertible preferred. Assumes conversion of preferred and contribution into Common Equity for transaction.

- [] New accounting regulations governing "Stock Based Compensation" require:
 - Stock compensation expense for periodic stock allocations to be measured by market value of shares at time of allocation.
 - Only allocated shares are outstanding for EPS purposes.
- [] Circular relationship between ESOP charge and Company's stock price, coupled with size of contemplated ESOP, make future earnings difficult to forecast.
- [] Book earnings will be depressed in early years due to mismatch between term of concessions and work rule changes (which boost earnings) of 12 years and shorter period of only 6 years over which ESOP charges occur.
- [] Wall Street equity research community and investors may look through ESOP charges but assume all new stock to be issued is immediately outstanding.

Earnings Outlook

	1994E			1995E	
	1993E	Enhanced Status Quo	Coalition Proposal	Enhanced Status Quo	Coalition Proposal
Total Revenues	\$ 14,254	\$14,797	\$14,797	\$15,800	\$15,800
EBITDA/(1)/	910	1,215	1,560 /(2)/	1,473	1,982
Margin	6.4%	8.2%	10.5%	9.3%	12.5%
EBIT/(1)/	189	491	836 /(2)/	679	1,189
Margin	1.3%	3.3%	5.7%	4.3%	7.5%
Net Income to Common					
As Reported	(102.9)/(3)/	284.3	(50.2)	329.4	129.4
One-time ESOP Change		284.3	283.2	329.4	467.3
Earnings per Share					
As Reported	(4.23)	9.84/(4)/	(1.59)/(5)/	11.40/(4)/	3.49/(6)/
One-time ESOP Change		9.84/(4)/	4.61 /(7)/	11.40/(4)/	7.60/(7)/

/(1)/ Before the ESOP charge.

/(2)/ Excludes \$75m of transaction expenses.

/(3)/ Excludes \$19 penalty payment for early retirement of debt.

/(4)/ For 28.9 million shares outstanding.

/(5)/ For 31.6 average million shares outstanding.

/(6)/ For 37.1 average million shares outstanding.

/(7)/ For 61.5 million shares outstanding.

Debt and Preferred - Terms

	Senior Unsecured Debentures	Redeemable Preferred Stock
Amount:	Tranche A - \$450MM Tranche B - 450MM ----- Total \$900MM	\$900 MM (\$900 MM liquidation preference)
Maturity:	Tranche A - 10 years Tranche B - 20 years	Perpetual
Optional Redemption:	To be determined	To be determined
Vote:	Not applicable	Nonvoting unless UAL default
Ranking:	Pari passu with outstanding senior-unsecured debt	Senior to ESOP Preferred

Coupon/Dividend Rate: To be priced to trade at par on a fully distributed basis. Initially set at execution of definitive documents, subject to adjustment five days before closing with up to 75 basis points increase.

Debt and Preferred Valuation Issues

Both Securities

- Realization of fully distributed values may take significant time.
- Interest/dividend rate collar is tight and may raise "bring-down" fairness opinion issues.
 - . Theoretical analysis suggests valuation impact at approximately \$0.50 per share.

Debt

- Similar publicly traded debt for comparative purposes.
- Decline in credit rating one notch to non-investment grade could put significant upward pressure on the interest rate required to make debt trade at par.
- No underwriting to facilitate orderly redistribution.

Perpetual Preferred

- No similar airline security.
- Large issue - limited precedent.
- No underwriting to facilitate orderly redistribution to the largely retail market for this security.

Summary Financial Impact

[] A summary of UAL's and selected competitor's current senior debt credit ratings is presented below:

	UAL	American	Delta	Southwest
	----	-----	-----	-----
Standard & Poor's	BB	BB+	BB	A-
Moody's	Baa3	Baa3	Ba1	Baa1

[] UAL has been put on Creditwatch by Standard & Poor's with developing implications.

. S&P has announced publicly that if there is a change in rating, it will be minor.

[] Moody's has said it has placed UAL debt under review for possible downgrade.

[] Duff & Phelps has put UAL on rating watch, direction uncertain.

Cash Flow Impact and Creditworthiness

[] Contracted concessions and anticipated additional savings will substantially exceed the incremental fixed charges as summarized below:

	Projected	
	1994	1995
	----	----
Concessions/(1)/		
	----	----
"U2" & Additional Savings	\$446	\$520
Employee Investment	26	141
	----	----
	\$472	\$661
	====	====
New Debt - Interest Expense	\$ 72	\$ 72
New Preferred - Dividends	83	83
Less Cash to Reduce Debt/Interest Expense/(2)/	65	50
	----	----
Incremental Fixed Charges	\$220	\$205
	====	====
Employee Investment/Incremental Fixed Charges	2.1x	3.2x

/(1)/ Before \$75MM estimated transaction expenses from Coalition deal.

/(2)/ The numbers indicated are the additional interest expense as a result of distributing \$743 million in cash and, therefore, not having the ability to reduce debt with this cash. However, these numbers are somewhat offset by the incremental cash generated from the concessions that is used to repay debt.

Coverage Ratios

	Projected				
	Estimated 1993	1994		1995	
		No Transaction	Pro Forma	No Transaction	Pro Forma
Indicative Coverage Ratio					
EBDRIT/Fixed Charges/(a)/	1.5x	1.8x	1.8x	2.0x	2.1x
Selected Standard & Poor's Ratios					
EBITDA Interest Coverage/(b)/	2.9x	5.3x	4.2x	7.1x	5.8x
Funds Flow to Total Debt/(c)/	9.2%	12.8%	11.9%	14.2%	15.4%

/(a)/ Fixed charges include gross interest expense (interest expense before subtracting capitalized interest and interest income), rents and preferred dividends.

/(b)/ Interest expense does not include rent expense.

/(c)/ Interest expense is defined as gross interest expense plus rents.

Stock Ownership Adjustment Mechanism - Structure

- [] Designed to bridge the 33% "market value gap" between the two sides.
- [] Coalition increases ownership from 53% if UAL's average closing stock price for one year exceeds \$85 per share value. Before dilution, to reach 63%, price is \$113.33; post dilution price equals \$89.22.
- [] Until the Coalition reaches its maximum 63% ownership, any market value appreciation in the first year will be shared in the following ratio:
 - Coalition: 93%
 - Existing Shareholders: 7%
- [] Market value appreciation split effected by issuing the Coalition new shares and consequently diluting existing UAL shareholders.

Key Issue: Pro Forma Equity Trading Valuation

- [] As a substantial portion of the total value to shareholders will be in common stock, the prospective trading value of the stock is critical.

Preliminary View of Equity Market Perceptions

Positives

- [] Excitement about prospects of more stable company.
- [] Enhanced labor relations.
- [] Closer alignment of shareholder/employee interests.
- [] Reduction in costs and more flexible work rules to boost competitiveness.
- [] Favorable impact on cash flow.

Issues

- [] Minority interest in employee-owned company arising from governance structure.
- [] Adequacy for meeting near- and long-term industry challenges.
- [] Sustainability of no snap-back.
- [] Treatment of ESOP charges and share allocation by analysts.

Equity Valuation

Range \$80 - 85

Earnings Per Share	1994	Implied Multiple Range	1995	Implied Multiple Range
As Reported	(\$1.59)		\$3.49	
\$80 - 85		NM - NM		22.9 - 24.4x
Immediate Allocation-Taxed	\$4.61		\$7.60	
\$80 - 85		17.4 - 18.4x		10.5 - 11.2x
Immediate Allocation-Untaxed	\$7.86		\$14.02	
\$80 - 85		10.2 - 10.8x		5.7 - 6.1x
Reference Multiples/1/				
AMR		13.2x		7.1x
DAL		57.5x		11.8x
UAL		17.6x		8.2x

/1/ First Call median estimates as of 12/19/93.

Tax Consequences to Shareholders

- [] Capital gain (not dividend) treatment on distribution of cash and debentures.
- [] Tax deferral on retained common equity interest and distribution of preferred. Taxable as capital gain when recognized.
- [] Amount recognized immediately is equal to lesser of (1) total "value" of consideration package to shareholders (likely based on average of day one high and low trading values) less shareholder basis or (2) sum of "values" of distribution cash and debentures portion.

Major Steps to Completion

- [] Ratification by ALPA and IAM.
- [] Identification of new management team and Board.
- [] Negotiation of definitive documentation.
- [] "Bring-down" fairness opinions and proxy mailing.
- [] Approval by UAL shareholders.

Agenda

- [] Proposed Transaction
- [] Valuation of UAL
- [] Summary

UAL: Valuation Range Per Share

(\$Millions)

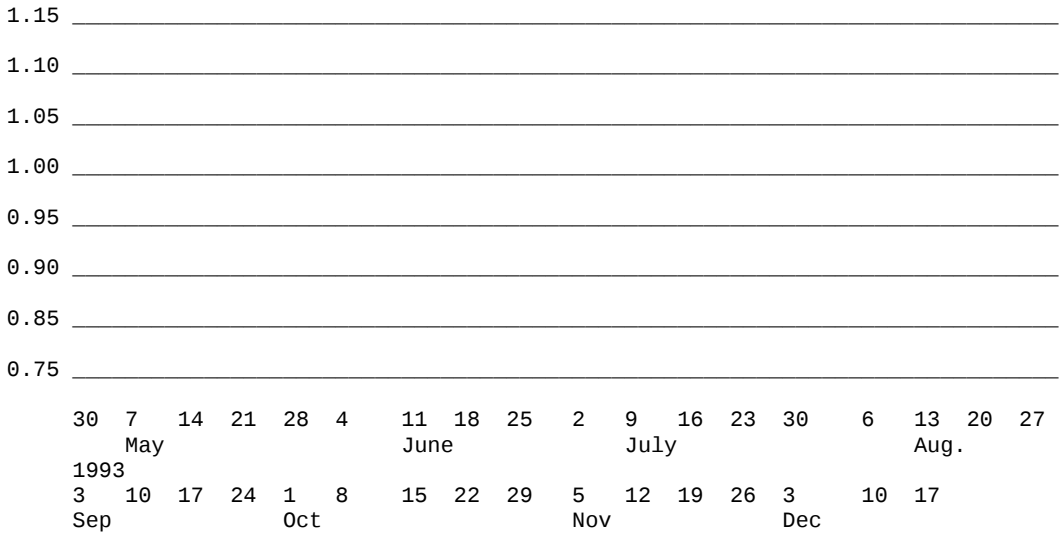
----- Methodology	CS First Boston	Lazard Freres -----
Discounted Cash Flow	\$160 - \$200	\$170 - \$210
Unaffected Trading Value	130 - 135	130 - 135
Acquisition Value	120 - 200	N/A
Public Market Comparables	NA	140 - 180
Reference Range	160 - 200	150 - 190
Transaction Value	\$168 - \$170	
-----	-----	-----

Airline Share Prices Graph

(Textual description of share price graph for EDGAR transmission. The following share price graph compares the indexed closing share prices of the Company's common stock to AMR Corp. and Delta Air Lines Inc. The graph assumes that the value of the Company's, AMR's and Delta's common stock was \$1.00 at April 30, 1993.)

Airline Share Prices - April 30 to Present

Indexed
Closing
Prices



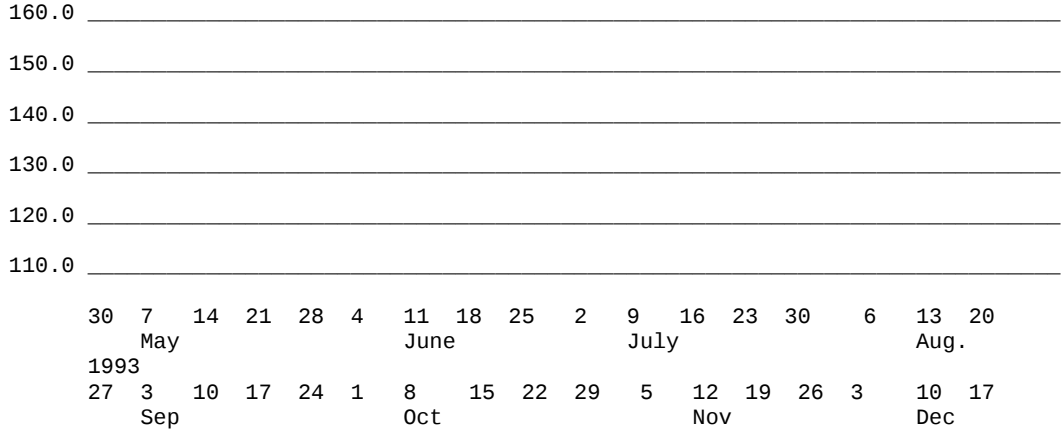
--- UAL Corp.
 --- AMR Corp.
 --- Delta Air Lines Inc.
 Source: Tradeline

UAL Corp Share Prices Graph

(Textual description of UAL share price graph for EDGAR transmission: The following UAL share price graph tracks the price of UAL common stock from April 30, 1993 to December 17, 1993.)

UAL Corp Share Prices - April 30 to Present

Prices



Source: Tradeline

- [] Strategic acquiror possibilities are limited:
 - Acquisition by major U.S. airline likely problematic from anti-trust perspective.
 - Foreign ownership restrictions limit equity stake to 49% and circumscribe governance ability.
- [] Financial buyers are unlikely given existing leverage, industry uncertainty, cyclicalities and deal size.
- [] No buyers have come forward.
- [] Agreement does not prohibit entertaining offers for Company.

Agenda

- [] Proposed Transaction
- [] Valuation of UAL
- [] Summary

Resolution of Open Issues
 from December 16th Board Meeting

Issue	Resolution
Meeting with new management - business plan thoughts - ability to govern within constraints	. Advisors met with Greenwald on December 21.
Equity issuance - normal course - emergency provision	Can sell nonvoting equity anytime, or voting equity to extent it doesn't trigger sunset provision, with 75% Board approval, including all independent directors; No labor director required. Financial distress precondition for voting equity.
Nomination of "Public Directors" - involvement of unions	. Slate to be incorporated into definitive documentation.
Expense reimbursement - amount and timing	. Open
Milestones/Timetable - union ratification timing - documentation - process to reach proxy vote - vote	. Union ratification timing - January 31 . Documentation - March 15 . Mail Proxy - Mid-May . Shareholder vote - Mid-June . Closing - Mid-June

Summary

[] Financial

[] Governance

[] Fairness

Presentation to the Board of Directors

UAL Corporation

March 14, 1994
CS First Boston Lazard Freres & Co.

Progress to Date

- Union Ratification
- Directors and Officers
- Documentation
 - Recapitalization Agreement
 - Proxy Statement
- U2 Business Plan
- Opinions
- Rating Agencies
- Shareholder Communications

Significant Documentation Issues

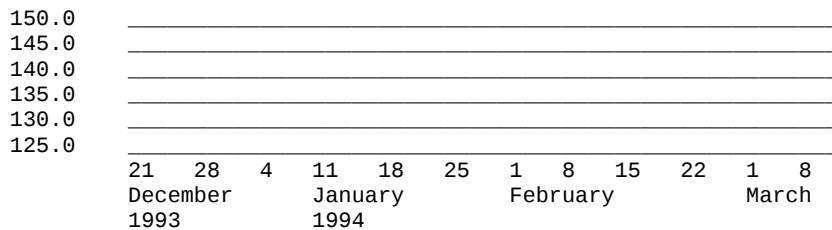
- Accordion Mechanism
- Treatment of Convertible Preferred
- Share Count/Treasury Stock Method
- Pricing and Terms of the Debentures and Preferred Stock
- Process Issues

UAL Stock Price Performance

(Textual description of stock price graph for EDGAR transmission: The following UAL stock price performance graph tracks the price of UAL's common stock from December 21, 1993 to March 8, 1994.)

UAL Stock Price Performance

Prices

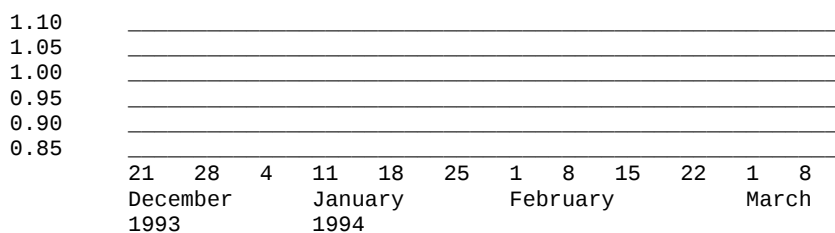


Airlines' Stock Price Performance

(Textual description of stock price performance graph for EDGAR transmission: The following stock price graph compares the indexed closing prices of the Company's common stock to the S&P Industrial Index and the indexed closing prices of AMR common stock and DAL common stock. The graph assumes that the value of the Company's, DAL's and AMR's common stock and the index was 1.00 at December 21, 1993. The graph also indicates the timing of (1) Cat-Lite Phase II, (2) Fed Raises Discount Rate; and (3) USAir Fare Reduction Plan)

Airlines' Stock Price Performance

Indexed
Closing
Prices



- S&P Industrials
- AMR
- UAL
- DAL

Update on Projections(1)

(Dollars in Millions)

	DECEMBER 22	MARCH 14	PERCENT CHANGE
Revenues			
1998	\$18,750	\$18,766	0.1%
1997	17,828	17,838	0.1
1996	16,950	16,978	1.7
1995	15,800	15,794	0.0
1994	14,797	14,727	(0.5)
EBIT			
1998	\$ 895	\$ 921	2.9%
1997	950	952	0.2
1996	855	860	0.6
1995	680	657	(3.4)
1994	491	394	(19.8)
Unlevered Free Cash Flow			
1998	\$ 682	\$ 810	18.8%
1997	197	120	(39.1)
1996	657	591	(10.0)
1995	115	(21)	NM
1994	479	419	(12.5)

(1) Enhanced Status Quo - Scenario C - Midgrowth case.

Wall Street's View of UAL Outlook

	DECEMBER 22	MARCH 14	PERCENT CHANGE
--	-------------	----------	----------------

Enhanced Status Quo

1995 EPS	\$11.40	\$9.92	(13.0%)
1994 EPS	9.84	3.76	(61.8)

Wall Street Consensus

1995 EPS/(1)/	\$ 9.10	\$6.64	(26.9%)
1994 EPS	9.00	7.05	(21.7)

(1) Reflects one analyst's (NatWest) projection.

Issues Raised by Changing
Business Environment

- [] Impact on Valuation of New Common
 - Comparable Multiples
 - Higher Interest/Preferred Dividend Burden
- [] Impact on Valuation of Alternative Scenarios
 - Discount Rates
 - Terminal Multiples
- [] Coalition's Perspective on Valuation

Shareholder Consideration
in the Recapitalization

	TOTAL VALUE (\$MM)	VALUE PER SHARE/(1)/
Consideration		
Cash	\$743	\$25.80
Debentures	900	31.10/(2)/
Preferred Stock	900	31.10/(2)/
	---	-----
Subtotal	\$2,543 =====	\$88.00 =====
Common Equity Value (47% ownership)	\$2,110 - 2,225	\$73.00 - 77.00/(3)/
Total Consideration	\$4,653 - 4,768	\$161.00 - \$165.00

- (1) Assumes 28.9 million shares outstanding.
- (2) Assumes impact of rate ceiling is negligible.
- (3) Adjusted \$0-\$1 for "Accordion" discount.

New Common Equity Valuation

	1994	IMPLIED MULTIPLE RANGE	1995	IMPLIED MULTIPLE RANGE
As Reported Range \$73 - 78	(\$1.36)	NM - NM	\$1.05	NM - NM
Immediate Allocation - Taxed \$73 - 78	\$3.43	21.3x - 22.7x	\$6.63	11.0x - 11.8x
Immediate Allocation - Untaxed \$73 - 78	\$6.57	11.1x - 11.9x	\$12.88	5.7x - 6.1x
Reference Multiples/(1)/				
AMR		14.4x		9.7x
DAL		NM		12.2x
UAL		17.9x		19.0x

(1) First Call median estimates as of 3/10/94.

Next Steps

- Interest/Preferred Dividend Rate Negotiation
- Execute Definitive Documentation
- File Proxy with SEC
- Marketing Plan
- Resolve Underwriting Issues