

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

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

UAL CORPORATION CAPITAL TRUST I  
 (Exact name of Registrant as specified in its charter)  
 DELAWARE

(State or other jurisdiction of  
 incorporation or organization)  
 TO BE APPLIED FOR  
 (I.R.S. Employer Identification No.)

1200 EAST ALGONQUIN ROAD  
 ELK GROVE TOWNSHIP, ILLINOIS 60007  
 (847) 700-4000  
 (Address and telephone number of principal executive offices)

UAL CORPORATION  
 (Exact name of Registrant as specified in its charter)  
 DELAWARE

(State or other jurisdiction of  
 incorporation or organization)  
 36-2675207  
 (I.R.S. Employer Identification Number)

1200 EAST ALGONQUIN ROAD  
 ELK GROVE TOWNSHIP, ILLINOIS 60007  
 (847) 700-4000  
 (Address and telephone number of principal executive offices)

FRANCESCA M. MAHER  
 VICE PRESIDENT - LAW AND CORPORATE SECRETARY  
 UAL CORPORATION  
 1200 EAST ALGONQUIN ROAD  
 ELK GROVE TOWNSHIP, ILLINOIS 60007  
 (847) 700-4000

(Name, address and telephone number of agent for service)

Copies to:

Robert E. Curley  
 Mayer, Brown & Platt  
 190 South LaSalle Street  
 Chicago, Illinois 60603  
 (312) 782-0600

Vincent J. Pisano  
 Skadden, Arps, Slate, Meagher & Flom  
 919 Third Avenue  
 New York, New York 10022  
 (212) 735-3000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective and all other conditions to the Exchange Offer (the "Offer") described in the enclosed Prospectus have been satisfied or waived.

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(1)	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Preferred Securities of UAL Corporation Capital Trust I . . .	6,266,781 securities			
Junior Subordinated Debentures of UAL Corporation . . . . .	\$156,669,525			
Guarantees of the Preferred Securities by UAL Corporation . . . . .	\$156,669,525	\$33.38(3)	\$209,153,815.88(3)	\$63,379.94(3)

(1) Estimated maximum amount of each class of securities issuable by UAL Corporation and UAL Corporation Capital Trust I (the "Trust"). Also registered hereby, in addition to the rights of holders of the Preferred Securities under the Guarantee and under the Junior Subordinated Debentures, are the obligations of UAL Corporation in the Indenture relating to the Junior Subordinated Debentures and in the Amended and Restated Declaration of Trust, including UAL Corporation's obligation to pay costs, expenses and certain liabilities of the Trust.

(2) Each holder of a Depositary Share representing 1/1,000 of a share of 12 1/4% Series B Preferred Stock upon exchange will receive one Preferred Security issued by the Trust, which will hold Junior Subordinated Debentures for their benefit.

(3) Calculated in accordance with Rule 457(f) under the Securities Act of 1933 on the basis of the average of the high and low prices reported for the Depositary Shares on October 10, 1996. Pursuant to Rule 457(n) under the Securities Act of 1933, no separate fee is payable with respect to the Guarantees or the Junior Subordinated Debentures.

-----

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS 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 THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

=====

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION  
PRELIMINARY PROSPECTUS DATED OCTOBER 16, 1996

PROSPECTUS

UAL CORPORATION CAPITAL TRUST I  
OFFER TO EXCHANGE ITS  
\_\_\_\_\_ % TRUST ORIGINATED PREFERRED SECURITIES(SM) ("TOPrS(SM)")  
(LIQUIDATION AMOUNT \$25 PER PREFERRED SECURITY AND  
GUARANTEED TO THE EXTENT SET FORTH HEREIN BY UAL CORPORATION)  
FOR ANY AND ALL OUTSTANDING DEPOSITARY SHARES,  
EACH REPRESENTING 1/1,000 OF A SHARE OF  
12 1/4% SERIES B PREFERRED STOCK  
OF  
UAL CORPORATION  
THE OFFER AND WITHDRAWAL RIGHTS  
WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME,  
ON DECEMBER \_\_, 1996, UNLESS THE OFFER IS EXTENDED.

-----

UAL Corporation Capital Trust I, a Delaware statutory business trust (the "Trust"), hereby offers, upon the terms and subject to the conditions set forth in this Prospectus and the accompanying Letter of Transmittal (the "Letter of Transmittal" which, together with this Prospectus, constitutes the "Offer"), to exchange its \_\_\_\_\_ % Trust Originated Preferred Securities(SM) ("TOPrS(SM)"), representing preferred undivided beneficial interests in the assets of the Trust (the "Preferred Securities"), for any and all Depositary Shares ("Depositary Shares"), each representing 1/1,000 of a share of 12 1/4% Series B Preferred Stock (the "Series B Preferred") of UAL Corporation, a Delaware corporation ("UAL"), not owned by UAL. Exchanges will be made on the basis of one Preferred Security for each Depositary Share validly tendered and accepted for exchange in the Offer. As of the date of this Prospectus, there are 6,266,781 Depositary Shares not owned by UAL. Concurrent with the issuance of Preferred Securities in exchange for Depositary Shares validly tendered in the Offer, UAL will deposit in the Trust as trust assets its \_\_\_\_\_ % Junior Subordinated Debentures due 2026 (the "Junior Subordinated Debentures"), having an aggregate principal amount equal to the aggregate stated liquidation amount of the Preferred Securities and the proceeds received upon issuance of the Common Securities to be issued by the Trust.

(Cover page continues)

-----

SEE "RISK FACTORS AND SPECIAL CONSIDERATIONS RELATING TO THE OFFER" STARTING ON PAGE \_\_ FOR A DISCUSSION OF CERTAIN FACTORS RELATING TO THE PREFERRED SECURITIES THAT SHOULD BE CONSIDERED BY INVESTORS, INCLUDING THE PERIOD AND CIRCUMSTANCES DURING AND UNDER WHICH PAYMENTS ON THE JUNIOR SUBORDINATED DEBENTURES AND THE PREFERRED SECURITIES MAY BE DEFERRED AND THE RELATED FEDERAL INCOME TAX CONSEQUENCES.

-----

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.

-----

Merrill Lynch & Co. and Smith Barney Inc. have been retained as Dealer Managers to solicit exchanges of Depositary Shares for Preferred Securities. See "The Offer -- Dealer Managers; Soliciting Dealers." The Bank of New York has been retained as Exchange Agent in connection with the Offer. Georgeson & Company Inc. has been retained to act as Information Agent to assist in connection with the Offer.

-----

The Dealer Managers for the Offer are:

MERRILL LYNCH & CO.

SMITH BARNEY INC.

The date of this Prospectus is \_\_\_\_\_, 1996.

(SM)"Trust Originated Preferred Securities" and "TOPrS" are service marks of Merrill Lynch & Co.

NONE OF THE BOARD OF DIRECTORS OF UAL, UAL, THE TRUSTEES NOR THE TRUST MAKES ANY RECOMMENDATION TO HOLDERS OF DEPOSITARY SHARES AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING IN THE OFFER. HOLDERS OF DEPOSITARY SHARES ARE URGED TO CONSULT THEIR FINANCIAL AND TAX ADVISORS IN MAKING THEIR DECISIONS ON WHAT ACTION TO TAKE IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

IN ORDER TO PARTICIPATE IN THE OFFER, HOLDERS (AS DEFINED HEREIN) OF DEPOSITARY SHARES MUST SUBMIT A LETTER OF TRANSMITTAL AND COMPLY WITH THE OTHER PROCEDURES FOR TENDERING IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED HEREIN AND IN THE LETTER OF TRANSMITTAL PRIOR TO THE EXPIRATION DATE (AS DEFINED HEREIN). SEE "THE OFFER -- PROCEDURES FOR TENDERING."

For a description of the other terms of the Offer, see "The Offer -- Terms of the Offer," "-- Expiration Date; Extensions; Amendments; Termination," "-- Withdrawal of Tenders" and "-- Acceptance of Shares." Application will be made to list the Preferred Securities on the New York Stock Exchange (the "NYSE"). In order to satisfy the NYSE listing requirements, acceptance of Depositary Shares validly tendered in the Offer is subject to the condition that as of the Expiration Date there be at least 400 record or beneficial holders of at least 1,000,000 Preferred Securities to be issued in exchange for such Depositary Shares (the "Minimum Distribution Condition"), which condition may not be waived. See "The Offer -- Expiration Date; Extensions; Amendments; Termination" and "-- Conditions to the Offer."

The Trust expressly reserves the right, in its sole discretion, subject to applicable law, to (i) terminate the Offer, not accept for exchange any Depositary Shares and promptly return all Depositary Shares upon the failure of any of the conditions specified above or in "The Offer -- Conditions to the Offer," (ii) waive any condition to the Offer (other than the Minimum Distribution Condition) and accept all Depositary Shares previously tendered pursuant to the Offer, (iii) extend the Expiration Date (as defined herein) of the Offer and retain all Depositary Shares tendered pursuant to the Offer until the Expiration Date, subject, however, to all withdrawal rights of holders, see "The Offer -- Withdrawal of Tenders," (iv) amend the terms of the Offer, (v) modify the form of the consideration to be paid pursuant to the Offer or (vi) not accept for exchange Depositary Shares at any time on or prior to the Expiration Date, for any reason, including, without limitation, if fewer than 100,000 Depositary Shares would remain outstanding upon acceptance of those tendered (which condition may be waived by the Trust). Any amendment applicable to the Offer will apply to all Depositary Shares tendered pursuant to the Offer. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or the information concerning the Offer, other than a change in the percentage of securities sought or the price, depends upon the facts and circumstances, including the relative materiality of such terms or information. See "The Offer -- Expiration Date; Extensions; Amendments; Termination."

UAL will own directly or indirectly all of the securities representing common undivided beneficial interests in the assets of the Trust (the "Common Securities" and, together with the Preferred Securities, the "Trust Securities"). The Trust exists for the purpose of (a) issuing (i) its Preferred Securities in exchange for Depositary Shares validly tendered in the Offer and delivering such Depositary Shares to UAL in consideration for the deposit by UAL of Junior Subordinated Debentures, having an aggregate stated principal amount equal to the aggregate stated liquidation amount of such Preferred Securities, in the Trust as trust assets and (ii) its Common Securities to UAL in exchange for cash and investing the proceeds thereof in an equivalent amount of Junior Subordinated Debentures and (b) engaging in such other activities as are necessary and incidental thereto. The Preferred Securities and the Common Securities will rank pari passu with each other and will have equivalent terms; provided that (i) if an Event of Default (as defined herein) under the Declaration (as defined herein) occurs and is continuing, the holders of Preferred Securities will have a priority over holders of the Common Securities with respect to payments in respect of distributions and payments upon liquidation, redemption or otherwise and (ii) holders of Common Securities have the exclusive right (subject to the terms of the Declaration) to appoint, replace or remove Trustees

and to increase or decrease the number of Trustees) upon the occurrence of certain events described herein. See "Prospectus Summary -- Description of Preferred Securities and Junior Subordinated Debentures."

Cash distributions on the Preferred Securities will be cumulative from the first day following the Expiration Date (the "Accrual Date") at an annual rate of \_\_\_\_% of the liquidation amount of \$25 per Preferred Security, and will be payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1996 ("distributions"), subject to any Extension Periods (as defined herein). Cash distributions in arrears will bear interest thereon at the rate per annum of \_\_\_\_, compounded quarterly to the extent permitted by applicable law. The term "distributions" as used herein includes such cash distributions and any such interest payable unless otherwise stated. In addition, holders of the Preferred Securities will be entitled to an additional cash distribution at the rate of 12 1/4% per annum of the liquidation amount thereof from November 1, 1996 through the Expiration Date ("Pre-Issuance Accrued Distribution") in lieu of dividends accumulating and unpaid after November 1, 1996 on their Depositary Shares accepted for exchange, such additional distribution to be made on December 31, 1996 to holders of the Preferred Securities on the record date for such distribution. The distribution rate and the distribution and other payment dates for the Preferred Securities will correspond to the interest rate and the interest and other payment dates on the Junior Subordinated Debentures deposited in the Trust as trust assets. As a result, if principal or interest is not paid on the Junior Subordinated Debentures, including as a result of UAL's election to extend the interest payment period on the Junior Subordinated Debentures as described below, the Trust will not make payments on the Trust Securities. The Junior Subordinated Debentures provide that, so long as UAL shall not be in default in the payment of interest on the Junior Subordinated Debentures, UAL shall have the right to defer payments of interest on the Junior Subordinated Debentures by extending the interest payment period from time to time for a period not exceeding 20 consecutive quarterly interest periods (each, an "Extension Period"). No interest shall be due and payable during an Extension Period and, as a consequence, distributions on the Trust Securities will also be deferred, but on the next distribution payment date following such Extension Period UAL shall pay all interest then accrued and unpaid on the Junior Subordinated Debentures, together with interest thereon at the rate specified for the Junior Subordinated Debentures, compounded quarterly to the extent permitted by applicable law ("Compounded Interest"), and corresponding distributions will be paid by the Trust on the Trust Securities. All references herein to interest shall include Compounded Interest unless otherwise stated. There could be multiple Extension Periods of varying lengths up to six Extension Periods of 20 consecutive quarterly interest periods each or more numerous shorter Extension Periods throughout the term of the Junior Subordinated Debentures, provided that no Extension Period may extend beyond the maturity of the Junior Subordinated Debentures. During any such Extension Period, UAL may not declare or pay dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities not senior to the Preferred Securities or the Junior Subordinated Debentures or make any guarantee payments with respect thereto. Any Extension Period with respect to payment of interest on the Junior Subordinated Debentures, other debt securities of UAL under the Indenture or any similar securities will apply to all such securities and will also apply to distributions with respect to the Preferred Securities and all other securities with similar terms. See "Risk Factors and Special Considerations Relating to the Offer," "Description of the Preferred Securities -- Distributions," "Description of the Junior Subordinated Debentures -- Interest" and "-- Option to Extend Interest Payment Period."

The obligations of UAL under the Junior Subordinated Debentures are unsecured obligations of UAL and will be subordinate and junior in right of payment, to the extent set forth herein, to all Senior Indebtedness (as defined herein) of UAL, except obligations and securities made pari passu or subordinate by their terms, but senior to all capital stock now existing or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of its capital stock. UAL's obligations under the Preferred Securities Guarantee (as defined herein) are unsecured and will rank (i) subordinate and junior in right of payment to all Senior Indebtedness of UAL, and (ii) senior to all capital stock now or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of its capital stock.

The payment of distributions out of moneys held by the Trust and payments on liquidation of the Trust and the redemption of Preferred Securities, as set forth below, are guaranteed by UAL on a subordinated basis as and to the extent described herein (the "Preferred Securities Guarantee"). See "Description of the Preferred Securities Guarantee." The Preferred Securities Guarantee covers distributions and other payments on the Preferred Securities only if and to the extent that UAL has made a payment of interest or principal on the Junior Subordinated Debentures deposited in the Trust as trust assets. The Preferred Securities Guarantee, when taken together with UAL's obligation under the Junior Subordinated Debentures and the Indenture and its obligations under the Declaration, including its obligation to pay costs, expenses and certain liabilities of the Trust, constitutes a full and unconditional guarantee of amounts due on the Preferred Securities.

For a description of redemption rights with respect to the Preferred Securities, the possible dissolution of the Trust and distribution of Junior Subordinated Debentures held by the Trust to holders of the Trust Securities and the liquidation amount on the Preferred Securities, see "Risk Factors and Special Considerations Relating to the Offer," "Description of the Preferred Securities -- Special Event Redemption or Distribution" and "-- Liquidation Distribution Upon Dissolution" and "Description of the Junior Subordinated Debentures."

The Depositary Shares are listed and principally traded on the NYSE under the symbol "UAL Pr B." On October 15, 1996, the last full day of trading prior to the first public announcement of the Offer, the closing sales price of the Depositary Shares on the NYSE as reported on the Composite Tape was \$\_\_\_\_\_ per share. The closing sales price of the Depositary Shares on the NYSE on \_\_\_\_\_, 1996 was \$\_\_\_\_\_ per share. **HOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE DEPOSITARY SHARES.** To the extent that Depositary Shares are tendered and accepted in the Offer, the terms on which untendered Depositary Shares could subsequently be sold could be adversely affected. To the extent that the aggregate market value of the Depositary Shares tendered and accepted in the Offer results in the number of holders of outstanding Depositary Shares to be less than 100,000, UAL would be required to delist the Depositary Shares from the NYSE pursuant to NYSE rules and regulations and the trading market for untendered Depositary Shares could be adversely affected. See "Listing and Trading of Preferred Securities and Depositary Shares."

UAL will pay to Soliciting Dealers (as defined herein) designated by the record or beneficial owner, as appropriate, of Depositary Shares a solicitation fee of \$0.50 per Depositary Share (\$0.25 per Depositary Share with respect to the solicitation of beneficial holders of 10,000 or more shares) validly tendered and accepted for exchange pursuant to the Offer, subject to certain conditions. Soliciting Dealers are not entitled to a solicitation fee for Depositary Shares beneficially owned by such Soliciting Dealer. See "The Offer - -- Dealer Managers; Soliciting Dealers."

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE 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 UAL, THE TRUST, THE TRUSTEES OR THE DEALER MANAGERS. 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 UAL OR THE TRUST SINCE THE RESPECTIVE DATES AS OF WHICH INFORMATION IS GIVEN HEREIN. THE OFFER IS NOT BEING MADE TO (NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS OF DEPOSITARY SHARES IN ANY JURISDICTION IN WHICH THE MAKING OF THE OFFER OR THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. HOWEVER, UAL AND THE TRUST MAY, AT THEIR DISCRETION, TAKE SUCH ACTION AS THEY MAY DEEM NECESSARY TO MAKE THE OFFER IN ANY SUCH JURISDICTION AND EXTEND THE OFFER TO HOLDERS OF DEPOSITARY SHARES IN SUCH JURISDICTION. IN ANY JURISDICTION THE SECURITIES LAWS OR BLUE SKY LAWS OF WHICH REQUIRE THE OFFER TO BE MADE BY A LICENSED BROKER OR DEALER, THE OFFER IS BEING

MADE ON BEHALF OF THE TRUST BY THE DEALER MANAGERS OR ONE OR MORE REGISTERED BROKERS OR DEALERS WHICH ARE LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

#### AVAILABLE INFORMATION

UAL is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). As used herein, "UAL" refers to UAL Corporation and its subsidiaries unless the context otherwise requires. Such reports and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the Commission: 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; 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 and from the Commission's worldwide web site at <http://www.sec.gov>. 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 UAL and the Trust with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. The information so omitted may be obtained from the Commission's principal office in Washington, D.C. upon payment of the fees prescribed by the Commission and from the Commission's worldwide web site. 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 UAL, the Trust and the securities offered hereby.

No separate financial statements of the Trust have been included or incorporated by reference herein. UAL and the Trust do not consider that such financial statements would be material to holders of Preferred Securities because the Trust is a newly-formed special purpose entity, has no operating history, has no independent operations and is not engaged in, and does not propose to engage in, any activity other than its holding as trust assets the Junior Subordinated Debentures of UAL and its issuance of Trust Securities. The Trust anticipates that it will not be required to file with the Commission or to distribute to holders of Preferred Securities periodic reports regarding the Trust. See "UAL Corporation Capital Trust I," "Description of the Preferred Securities," "Description of the Preferred Securities Guarantee" and "Description of the Junior Subordinated Debentures." The Trust is a statutory business trust formed under the laws of the State of Delaware. UAL, as of the date hereof, beneficially owns all of the beneficial interests in the Trust.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

UAL's Annual Report on Form 10-K for the year ended December 31, 1995 ("UAL's 1995 10-K Report"), UAL's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996 ("UAL's 10-Q Reports") and UAL's Current Reports on Form 8-K dated January 23, 1996, January 29, 1996, March 19, 1996, July 23, 1996, and September 16, 1996 have been filed with the Commission and are incorporated herein by reference.

All documents filed by UAL 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 Expiration Date 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.

UAL undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated by reference in this Prospectus, other than exhibits to such documents. Written or telephonic requests for such documents should be directed to UAL Corporation, P.O. Box 66919, Chicago, Illinois 60666, Attention: Francesca M. Maher, Corporate Secretary (telephone number 847-700-4000). In order to assure timely delivery of the documents, any request should be made not later than five business days prior to the Expiration Date.

---

THIS PROSPECTUS CONTAINS BRIEF SUMMARIES OF CERTAIN MORE DETAILED INFORMATION CONTAINED IN DOCUMENTS INCORPORATED HEREIN BY REFERENCE. SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE DETAILED INFORMATION CONTAINED IN THE INCORPORATED DOCUMENTS.

---

Like many other carriers, UAL's wholly-owned subsidiary, United Air Lines, Inc., a Delaware corporation ("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.



## TABLE OF CONTENTS

	PAGE
	----
Available Information . . . . .	5
Incorporation of Certain Documents by Reference . . . . .	5
Prospectus Summary . . . . .	9
Certain Potential Benefits and Risks to Investors . . . . .	9
The Offer . . . . .	12
Risk Factors and Special Considerations Relating to the Offer . . . . .	20
Comparison of Preferred Securities and Depositary Shares . . . . .	24
UAL Corporation . . . . .	28
Capitalization . . . . .	28
Selected Consolidated Financial and Operating Information . . . . .	30
Recent Developments . . . . .	32
UAL Corporation Capital Trust I . . . . .	33
The Offer . . . . .	36
Listing and Trading of Preferred Securities and Depositary Shares . . . . .	44
Transactions and Arrangements Concerning the Offer . . . . .	44
Fees and Expenses; Transfer Taxes . . . . .	44
Price Range of Depositary Shares . . . . .	45
Description of the Preferred Securities . . . . .	45
Description of the Preferred Securities Guarantee . . . . .	57
Description of the Junior Subordinated Debentures . . . . .	59
Description of the Series B Preferred and Depositary Shares . . . . .	68
Relationship Between the Preferred Securities, the Junior Subordinated Debentures and the Preferred Securities Guarantee . . . . .	74
Taxation . . . . .	75
Legal Matters . . . . .	80
Experts . . . . .	80
ERISA Considerations . . . . .	80

## PROSPECTUS SUMMARY

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

## UAL CORPORATION

UAL, a Delaware corporation ("UAL"), is a holding company and its primary subsidiary is United Air Lines, Inc., a Delaware corporation ("United"), which is wholly-owned. United is one of the world's largest airlines as measured by revenue passenger miles and primarily serves the North American, Pacific, Latin American and European markets. As of June 30, 1996, United served 138 airports in the United States and 30 foreign countries. During the twelve months ended June 30, 1996, United averaged 2,127 departures daily, flew a total of 115 billion revenue passenger miles and carried an average of 219,540 passengers per day. As of June 30, 1996, United's fleet of aircraft totaled 562. United's major hub operations are located at Chicago, Denver, Los Angeles, San Francisco, Washington, D.C. and Tokyo.

## UAL CORPORATION CAPITAL TRUST I

UAL Corporation Capital Trust I is a statutory business trust that was formed under the Delaware Business Trust Act (the "Business Trust Act") on October 15, 1996. The Trust's original declaration of trust will be amended and restated in its entirety as of the date the Trust accepts Depositary Shares in the Offer (as so amended and restated, the "Declaration") substantially in the form filed as an exhibit to the Registration Statement of which this Prospectus forms a part. See "The Offer -- Terms of the Offer" and "-- Acceptance of Shares" for information regarding the Trust's acceptance of Depositary Shares in the Offer. The Declaration will be qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). Upon issuance of the Preferred Securities, the holders thereof will own all the issued and outstanding Preferred Securities. UAL has agreed to acquire Common Securities in an amount equal to at least 3% of the total capital of the Trust and will own, directly or indirectly, all the issued and outstanding Common Securities. The Preferred Securities and the Common Securities will have equivalent terms; provided that (i) if an Event of Default under the Declaration occurs and is continuing, the holders of Preferred Securities will have a priority over the holders of the Common Securities with respect to payments of distributions and payments upon liquidation, redemption or otherwise and (ii) holders of Common Securities have the exclusive right (subject to the terms of the Declaration) to appoint, replace or remove Trustees and to increase or decrease the number of Trustees.

The number of trustees (the "Trustees") of the Trust shall initially be five. Three of the Trustees (the "Regular Trustees") are individuals who are employees or officers of UAL. The fourth trustee is The First National Bank of Chicago (the "Institutional Trustee"), which will act as the indenture trustee under the Declaration for purposes of the Trust Indenture Act and will serve as the Indenture Trustee (as defined herein) under the Indenture (as defined herein) for the Junior Subordinated Debentures and the Guarantee Trustee (as defined herein) under the Preferred Securities Guarantee. The fifth trustee is First Chicago Delaware Inc. (the "Delaware Trustee"), which has its principal place of business in the State of Delaware. Pursuant to the Declaration, the Institutional Trustee will have the power to exercise all rights, powers and privileges under the Indenture pursuant to which the Junior Subordinated Debentures will be issued. The Institutional Trustee, acting on behalf of the Trust, will promptly make distributions to the holders of the Trust Securities out of funds in the Trust. The Preferred Securities Guarantee, which will be separately qualified under the Trust Indenture Act, will be held by The First National Bank of Chicago, acting in its separate capacity as indenture trustee with respect to the Preferred Securities Guarantee, for the benefit of the holders of the Preferred Securities. As used in this Prospectus, the term "Institutional Trustee" refers to The First National Bank of Chicago acting either in its capacity as the trustee under the Declaration or in

its capacity as indenture trustee under, and the holder of, the Preferred Securities Guarantee, as the context may require.

The Trust exists for the purpose of (a) issuing (i) its Preferred Securities in exchange for Depositary Shares validly tendered in the Offer and delivering such Depositary Shares to UAL in consideration for the deposit by UAL of Junior Subordinated Debentures, having an aggregate stated principal amount equal to the aggregate stated liquidation amount of such Preferred Securities, in the Trust as trust assets, and (ii) its Common Securities to UAL in exchange for cash and investing the proceeds thereof in an equivalent amount of Junior Subordinated Debentures and (b) engaging in such other activities as are necessary and incidental thereto. The rights of the holders of the Trust Securities, including economic rights, rights to information and voting rights, are as set forth in the Declaration, the Business Trust Act and the Trust Indenture Act. See "UAL Corporation Capital Trust I" and "Description of the Preferred Securities." The Declaration does not permit the incurrence by the Trust of any indebtedness for borrowed money or the making of any investment other than in the Junior Subordinated Debentures. In the Declaration, UAL has agreed to pay for all debts and obligations (other than with respect to the Trust Securities) and all costs and expenses of the Trust, including the fees and expenses of the Trustees and any income taxes, duties and other governmental charges, and all costs and expenses with respect thereto, to which the Trust may become subject, except for United States withholding taxes. See "Risk Factors and Special Considerations Relating to the Offer," "UAL Corporation Capital Trust I" and "Description of the Preferred Securities."

#### CERTAIN POTENTIAL BENEFITS AND RISKS TO INVESTORS

Prospective investors should carefully review the information contained elsewhere in this Prospectus prior to making a decision regarding the Offer and should particularly consider the following matters:

#### POTENTIAL BENEFITS TO EXCHANGING HOLDERS

- The cash distributions rate on the Preferred Securities will be \_\_\_ basis points greater than the dividend rate on the Depositary Shares. See "Comparison of Preferred Securities and Depositary Shares."
- Although the obligations of UAL under the Junior Subordinated Debentures and the Preferred Securities Guarantee are unsecured and will be subordinated and junior in right of payment to all Senior Indebtedness of UAL, they will be senior to all capital stock of UAL now or hereafter issued by UAL (including the Series B Preferred underlying the Depositary Shares).
- While no dividends are required to be paid with respect to the Depositary Shares, interest payments on the Junior Subordinated Debentures and therefore distributions on the Preferred Securities may not be deferred for more than 20 consecutive quarterly interest periods. Any Extension Period with respect to payment of interest on the Junior Subordinated Debentures will also apply to distributions with respect to the Preferred Securities and all other securities with similar terms. Moreover, UAL may defer interest payments on the Junior Subordinated Debentures only if it does not declare or pay dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock (except under certain circumstances). See "Description of the Preferred Securities." However, to date, UAL has made each quarterly dividend payment with respect to the Depositary Shares on the scheduled dividend payment date, and dividends on the Series B Preferred accrue whether or not such dividends are declared. See "Description of the Series B Preferred and Depositary Shares -- Series B Preferred -- Dividends."

- The Offer will allow UAL to achieve certain tax efficiencies because, in contrast to dividend payments with respect to the Depositary Shares which are not deductible by UAL, UAL will be able to deduct interest payments on the Junior Subordinated Debentures for United States federal income tax purposes. Such tax efficiencies may give rise to incremental cash flow to UAL. See "The Offer -- Purpose of the Offer."
- So long as payments of interest and other payments are made when due on the Junior Subordinated Debentures, such payments will be sufficient to cover cash distributions and other payments made on the Preferred Securities (and the Common Securities) because (i) the aggregate principal amount of Junior Subordinated Debentures deposited as trust assets will be equal to the sum of (x) the aggregate stated liquidation amount of the Preferred Securities issued by the Trust in exchange for the Depositary Shares accepted in the Offer and (y) the amount of proceeds received by the Trust from the issuance of the Common Securities to UAL, which proceeds will be used by the Trust to purchase an equal principal amount of Junior Subordinated Debentures, (ii) the interest rate and interest and other payment dates on the Junior Subordinated Debentures will match the distribution rate and distribution and other payment dates for the Trust Securities, (iii) the Declaration provides that UAL shall pay for all debts and obligations (other than with respect to the Trust Securities) and all costs and expenses of the Trust, and (iv) the Declaration further provides that the Trustees shall not permit the Trust to, among other things, engage in any activity that is not consistent with the purposes of the Trust. See "UAL Corporation Capital Trust I," "Description of the Preferred Securities," "Description of the Junior Subordinated Debentures" and "Relationship Between the Preferred Securities, the Junior Subordinated Debentures and the Preferred Securities Guarantee."
- The Trust will have no independent operations and will exist for the sole purpose of effecting the Offer and issuing the Trust Securities as described herein and owning and holding the Junior Subordinated Debentures. See "UAL Corporation Capital Trust I."
- The Institutional Trustee will have the power to exercise all rights, powers and privileges under the Indenture with respect to the Junior Subordinated Debentures, including its rights to enforce UAL's obligations under the Junior Subordinated Debentures upon the occurrence of an Indenture Event of Default, and will also have the right to enforce the Preferred Securities Guarantee on behalf of the holders of the Preferred Securities. In addition, the holders of the Preferred Securities will have certain rights to direct the Institutional Trustee with respect to certain matters under the Declaration and the Preferred Securities Guarantee. Any holder of Preferred Securities may institute a legal proceeding against UAL to enforce its payment obligations pursuant to the Junior Subordinated Debentures and to enforce the Preferred Securities Guarantee. See "Description of the Preferred Securities" and "Description of the Preferred Securities Guarantee."

#### POTENTIAL RISKS TO EXCHANGING HOLDERS

- Participation in the Offer will be a taxable event for holders of Depositary Shares. See "Risk Factors and Special Considerations Relating to the Offer -- Exchange of Depositary Shares for Preferred Securities is a Taxable Event."
- The obligations of UAL under the Junior Subordinated Debentures, the Preferred Securities Guarantee and the Depositary Shares are subordinate in right of payment to all Senior Indebtedness

of UAL, except obligations or securities made pari passu or subordinate by their terms. See "Risk Factors and Special Considerations Relating to the Offer -- Ranking of Subordinated Obligations under Preferred Securities Guarantee and Junior Subordinated Debentures" and "-- Trust Distributions Dependent on UAL's Payments on Junior Subordinated Debentures."

- If UAL were to default in its obligation to pay amounts payable on the Junior Subordinated Debentures, the Trust would lack available funds for the payment of distributions or amounts payable on redemption of the Preferred Securities or otherwise. In addition, the interest payment period on the Junior Subordinated Debentures may be extended from time to time under certain circumstances by UAL, in its sole discretion, for up to 20 consecutive quarterly interest periods. See "Risk Factors and Special Considerations Relating to the Offer -- Ranking of Subordinated Obligations under Preferred Securities Guarantee and Junior Subordinated Debentures," "-- Trust Distributions Dependent on UAL's Payments on Junior Subordinated Debentures," "-- UAL May Defer Interest Payments on Junior Subordinated Debentures," "-- Tax Consequences of Extension of Interest Payment Periods," and "-- Potential Market Volatility During Extension Period."
- Should UAL not make interest or other payments on the Junior Subordinated Debentures for any reason, including as a result of UAL's election to defer payments of interest on the Junior Subordinated Debentures by extending the interest payment period on the Junior Subordinated Debentures, the Trust will not make distributions or other payments on the Trust Securities. In such an event, holders of the Preferred Securities would not be able to rely on the Preferred Securities Guarantee since the Preferred Securities Guarantee covers distributions and other payments on the Preferred Securities only if and to the extent that UAL has made a payment to the Trust of interest or principal on the Junior Subordinated Debentures deposited in the Trust as trust assets. See "Risk Factors and Special Considerations Relating to the Offer -- Trust Distributions Dependent on UAL's Payments on Junior Subordinated Debentures."
- If UAL elects to defer payments of interest on the Junior Subordinated Debentures by extending the interest period on the Junior Subordinated Debentures, distributions on the Preferred Securities would also be deferred but the Trust would continue to accrue interest income (as original issue discount) in respect of such Junior Subordinated Debentures which would be taxable to beneficial owners of Preferred Securities. As a result, beneficial owners of Preferred Securities during an Extension Period would include their pro rata share of the interest in gross income in advance of the receipt of cash. See "Risk Factors and Special Considerations Relating to the Offer -- Tax Consequences of Extension of Interest Payment Periods."
- Holders of Preferred Securities will have limited voting rights and will not be able to appoint, remove or replace, or to increase or decrease the number of, Trustees, which rights are vested exclusively in the Common Securities. See "Risk Factors and Special Considerations Relating to the Offer -- Limited Voting Rights" and "Description of the Preferred Securities -- Voting Rights." Holders of Depositary Shares also have limited voting rights. However, with certain exceptions, in the event that dividends on all series of preferred stock, including the Series B Preferred, are in arrears and unpaid for six quarterly dividend periods, whether or not consecutive, the Board of Directors of UAL is required to be increased by two directors and the holders of Series B Preferred, together with the holders of all other series of preferred stock then entitled to vote thereon, would be entitled to elect two directors of the expanded board of directors. See "Description of the Series B Preferred and Depositary Shares -- Series B Preferred -- Voting Rights."

- The Depositary Shares are redeemable at the option of UAL on or after July 12, 2004, in whole or in part. The Preferred Securities are redeemable at the option of UAL on or after July 12, 2004, in whole or in part.
- While the Depositary Shares are not redeemable prior to July 12, 2004, the Junior Subordinated Debentures (and thus the Preferred Securities) in certain circumstances will be redeemable prior to that date upon the occurrence of a Tax Event (as defined herein). See "Risk Factors and Special Considerations Relating to the Offer -- Special Event Redemption or Distribution."
- While dividends with respect to Depositary Shares are eligible for the dividends received deduction for corporate holders, distributions on the Preferred Securities are not eligible for the dividends received deduction for corporate holders.
- While application will be made to list the Preferred Securities on the NYSE, the Preferred Securities are a new issue of securities with no established trading market. In addition, liquidity of the Preferred Securities will be affected by the number of Depositary Shares exchanged in the Offer. See "Risk Factors and Special Considerations Relating to the Offer -- Lack of Established Trading Market for Preferred Securities" and "-- Reduced Trading Market for Depositary Shares."
- Under certain circumstances, Junior Subordinated Debentures could be distributed to holders of Trust Securities. In such event, the Trust would be dissolved and the holders would become holders of Junior Subordinated Debentures. While UAL will use its best efforts in such a situation to have the Junior Subordinated Debentures listed on the NYSE, there is no guarantee that such listing will take place or that a market will exist for such Junior Subordinated Debentures. See "Risk Factors and Special Considerations Relating to the Offer -- Special Event Redemption or Distribution."

#### POTENTIAL RISKS TO NON-EXCHANGING HOLDERS

- The liquidity and trading market for untendered Depositary Shares could be adversely affected to the extent Depositary Shares are tendered and accepted in the Offer. See "Risk Factors and Special Considerations Relating to the Offer -- Reduced Trading Market for Depositary Shares."
- The Junior Subordinated Debentures and the Preferred Securities Guarantee will rank senior in right of payment to the untendered Depositary Shares. See "Risk Factors and Special Considerations Relating to the Offer -- Ranking of Subordinated Obligations Under Preferred Securities Guarantee and Junior Subordinated Debentures."

#### THE OFFER

##### PURPOSE OF THE OFFER

The purpose of the Offer is to refinance the Depositary Shares with the Preferred Securities to achieve certain tax efficiencies while preserving UAL's flexibility with respect to future financings. This refinancing will permit UAL to deduct interest payable on the Junior Subordinated Debentures for United States federal income tax purposes; dividends payable on the Depositary Shares are not deductible. See "The Offer -- Purpose of the Offer."

## TERMS OF THE OFFER

Upon the terms and subject to the conditions set forth herein and in the Letter of Transmittal, the Trust hereby offers to exchange its Preferred Securities for any and all of the Depositary Shares of UAL not owned by UAL. Exchanges will be made on the basis of one Preferred Security for each Depositary Share validly tendered and accepted for exchange in the Offer. See "The Offer -- Terms of the Offer."

## EXPIRATION DATE; WITHDRAWALS

Upon the terms and conditions of the Offer, the Trust will accept for exchange any and all Depositary Shares validly tendered and not withdrawn prior to 12:00 Midnight, New York City time, on December \_\_, 1996, or if the Offer is extended by the Trust, in its sole discretion, the latest date and time to which the Offer has been extended (the "Expiration Date"). Tenders of Depositary Shares pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless accepted for exchange by the Trust, may be withdrawn at any time after 40 Business Days (as defined herein) after the date of this Prospectus. A "Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions are authorized or obligated by law or executive order to close in the place of payment under the Indenture. See "The Offer -- Expiration Date; Extensions; Amendments; Termination," "-- Withdrawal of Tenders" and "-- Acceptance of Shares." Tenders must be made to the Exchange Agent in order to be valid.

## CONDITIONS TO THE OFFER; EXTENSIONS; AMENDMENTS; TERMINATION

Consummation of the Offer is conditioned on, among other things, tenders by a sufficient number of holders of Depositary Shares to meet the Minimum Distribution Condition, which condition may not be waived. See "The Offer -- Conditions to the Offer" and "-- Expiration Date; Extensions; Amendments; Termination."

The Trust expressly reserves the right, in its sole discretion, subject to applicable law, to (i) terminate the Offer, and not accept for exchange any Depositary Shares and promptly return all Depositary Shares, upon the failure of any condition specified above or under "The Offer -- Conditions to the Offer," (ii) waive any condition to the Offer (other than the Minimum Distribution Condition) and accept all Depositary Shares previously tendered pursuant to the Offer, (iii) extend the Expiration Date of the Offer and retain all Depositary Shares tendered pursuant to the Offer until the Expiration Date, subject, however, to all withdrawal rights of holders, see "The Offer -- Withdrawal of Tenders," (iv) amend the terms of the Offer, (v) modify the form of the consideration to be paid pursuant to the Offer, or (vi) not accept for exchange Depositary Shares at any time on or prior to the Expiration Date, for any reason, including, without limitation, if fewer than 100,000 Depositary Shares would remain outstanding upon acceptance of those tendered (which condition may be waived by the Trust). Any amendment applicable to the Offer will apply to all Depositary Shares tendered pursuant to the Offer. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or the information concerning the Offer, other than a change in the percentage of securities sought or the price, depends upon the facts and circumstances, including the relative materiality of such terms or information. See "The Offer -- Conditions to the Offer" and "-- Expiration Date; Extensions; Amendments; Termination."

## PROCEDURES FOR TENDERING

Each Holder of Depositary Shares wishing to participate in the Offer must (i) properly complete and sign the Letter of Transmittal (or where appropriate an Agent's Message (as defined herein)) 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 in the Letter of Transmittal, together with any required signature guarantees, and deliver the same to The Bank of New York, as Exchange Agent, at one of its addresses

set forth on the back cover page hereof, prior to the Expiration Date and either (a) certificates for the Depositary Shares must be received by the Exchange Agent at such address or (b) such Depositary Shares 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 Offer -- Procedures for Tendering."

IN ORDER TO PARTICIPATE IN THE OFFER, HOLDERS OF DEPOSITARY SHARES MUST SUBMIT A LETTER OF TRANSMITTAL AND COMPLY WITH THE OTHER PROCEDURES FOR TENDERING IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED HEREIN AND IN THE LETTER OF TRANSMITTAL PRIOR TO THE EXPIRATION DATE.

LETTERS OF TRANSMITTAL, DEPOSITARY SHARES AND ANY OTHER REQUIRED DOCUMENTS SHOULD BE SENT ONLY TO THE EXCHANGE AGENT -- -- NOT TO UAL, THE TRUST, THE DEALER MANAGERS OR THE INFORMATION AGENT.

#### SPECIAL PROCEDURE FOR BENEFICIAL OWNERS

Any beneficial owner whose Depositary Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender such Depositary Shares 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 Depositary Shares, either make appropriate arrangements to register ownership of the Depositary Shares 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 Offer -- Procedures for Tendering -- Special Procedure for Beneficial Owners."

#### GUARANTEED DELIVERY PROCEDURES

If a Holder desires to accept the Offer and time will not permit a Letter of Transmittal or Depositary Shares 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 Offer -- Procedures for Tendering -- Guaranteed Delivery."

#### ACCEPTANCE OF SHARES

Upon the terms and subject to the conditions of the Offer, including the Minimum Distribution Condition, the Trust will accept for exchange any and all Depositary Shares validly tendered and not withdrawn prior to the Expiration Date.

The Trust expressly reserves the right, in its sole discretion, to delay acceptance for exchange of Depositary Shares tendered under the Offer and the delivery of the Preferred Securities with respect to the Depositary Shares accepted for exchange (subject to Rules 13e-4 and 14e-1 under the Exchange Act, which require that the Company consummate the Offer or return the Depositary Shares deposited by or on behalf of the Holders thereof promptly after the termination or withdrawal of the Offer), or to amend, withdraw or terminate the Offer, at any time prior to the Expiration Date for any of the reasons set forth in "The Offer -- Conditions to the Offer" and "-- Expiration Date; Extensions; Amendments; Termination."

If the Trust decides, in its sole discretion, to decrease the number of Depositary Shares sought in the Offer or to increase or decrease the consideration offered to holders of Depositary Shares, and if the Offer is scheduled



to expire less than ten Business Days from and including the date that notice of such increase or decrease is first published, sent or given in the manner specified in "The Offer -- Terms of the Offer" and "-- Expiration Date; Extensions; Amendments; Termination," then the Offer will remain open for a minimum of ten Business Days from and including the date of such notice.

All Depositary Shares not accepted pursuant to the Offer will be returned to the tendering Holders at the Trust's expense as promptly as practicable following the Expiration Date.

#### DELIVERY OF PREFERRED SECURITIES

Subject to the terms and conditions of the Offer, the delivery of the Preferred Securities to be issued pursuant to the Offer will occur as promptly as practicable following the Expiration Date. See "The Offer -- Terms of the Offer" and "-- Expiration Date; Extensions; Amendments; Termination."

#### DESCRIPTION OF PREFERRED SECURITIES AND JUNIOR SUBORDINATED DEBENTURES

The Preferred Securities evidence preferred undivided beneficial interests in the assets of the Trust and will have terms equivalent to the Common Securities; provided that (i) if an Event of Default under the Declaration occurs and is continuing, the holders of Preferred Securities will have a priority over holders of the Common Securities with respect to payments in respect of distributions and payments upon liquidation, redemption or otherwise and (ii) holders of Common Securities have the exclusive right (subject to the terms of the Declaration) to appoint, remove and replace Trustees and to increase or decrease the number of Trustees. The Declaration does not permit the issuance by the Trust of any securities or beneficial interests in the assets of the Trust other than the Preferred Securities and the Common Securities, the incurrence of any indebtedness for borrowed money by the Trust or the making of any investments other than in the Junior Subordinated Debentures. The Declaration defines an event of default with respect to the Trust Securities (an "Event of Default") as the occurrence and continuance of an "event of default" under the Indenture with respect to the Junior Subordinated Debentures (an "Indenture Event of Default").

Periodic cash distributions on each Preferred Security will be fixed at a rate per annum of \_\_\_% of the stated liquidation amount of \$25 per Preferred Security. Distributions in arrears will bear interest thereon at the rate per annum of \_\_\_%, compounded quarterly to the extent permitted by applicable law. Distributions on the Preferred Securities will be cumulative, will accrue from the Accrual Date and, except as otherwise described herein, will be made quarterly in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1996, but only if and to the extent that interest payments are made in respect of the Junior Subordinated Debentures held by the Trust. In addition, holders of Preferred Securities will be entitled to an additional cash distribution at the rate of 12 1/4% per annum of the liquidation amount thereof from November 1, 1996 through the Expiration Date in lieu of dividends accumulating and unpaid after November 1, 1996 on their Depositary Shares accepted for exchange, such additional distribution to be made on December 31, 1996 to holders of the Preferred Securities on the record date for such distribution.

The distribution rate and the distribution and other payment dates for the Preferred Securities will correspond to the interest rate and the interest and other payment dates on the Junior Subordinated Debentures deposited in the Trust as trust assets. As a result, if principal or interest is not paid on the Junior Subordinated Debentures, including as a result of UAL's election to extend the interest payment period on the Junior Subordinated Debentures as described below, the Trust will not make payments on the Trust Securities. The Junior Subordinated Debentures provide that, so long as UAL shall not be in default in the payment of interest on the Junior Subordinated Debentures, UAL has the right under the Indenture to defer payments of interest on the Junior Subordinated Debentures by extending the interest payment period from time to time on the Junior Subordinated

Debentures for an Extension Period and, as a consequence, quarterly distributions on the Preferred Securities would not be made (but would continue to accrue with interest thereon at the rate of \_\_\_\_% per annum, compounded quarterly to the extent permitted by applicable law) by the Trust during any such Extension Period. During an Extension Period, UAL may not declare or pay dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Junior Subordinated Debentures or make any guarantee payments with respect thereto. Any Extension Period with respect to payment of interest on the Junior Subordinated Debentures will also apply to distributions with respect to the Preferred Securities and all other securities with similar terms. Prior to the termination of any such Extension Period, UAL may further extend such Extension Period; provided that such Extension Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarterly interest periods and provided further that no Extension Period may extend beyond the maturity of the Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all amounts then due, UAL may commence a new Extension Period, subject to the above requirements. Consequently, there could be multiple Extension Periods of varying lengths (up to six Extension Periods of 20 consecutive quarterly interest periods each or more numerous shorter Extension Periods) throughout the term of the Junior Subordinated Debentures, provided that no Extension Period may extend beyond the maturity of the Junior Subordinated Debentures. See "Risk Factors and Special Considerations Relating to the Offer," "-- Trust Distributions Dependent on UAL's Payments on Junior Subordinated Debentures" and "-- UAL May Defer Interest Payments on Junior Subordinated Debentures" and "Description of the Junior Subordinated Debentures -- Interest" and "-- Option to Extend Interest Payment Period."

UAL shall give the Institutional Trustee notice of its selection of such Extension Period ten Business Days prior to the earlier of (i) the date the distributions on the Preferred Securities are payable or (ii) the date the Trust is required to give notice to the NYSE or other applicable self-regulatory organization or to holders of the Preferred Securities of the record date or the date such distribution is payable, but in any event not less than one Business Day prior to such record date. The Trust shall give notice of UAL's selection of such Extension Period to the holders of the Preferred Securities. See "Description of the Junior Subordinated Debentures -- Option to Extend Interest Payment Period."

There will be deposited in the Trust as trust assets (i) Junior Subordinated Debentures having an aggregate principal amount equal to the aggregate stated liquidation amount of the Preferred Securities issued by the Trust in exchange for the Depositary Shares accepted in the Offer and (ii) Junior Subordinated Debentures having an aggregate principal amount equal to the amount of proceeds received by the Trust from the sale of the Common Securities to UAL. Under the Declaration, if and to the extent UAL does make interest payments on the Junior Subordinated Debentures deposited in the Trust as trust assets, the Institutional Trustee is obligated to make distributions promptly on the Preferred Securities. The payment of distributions on the Preferred Securities and payments on liquidation of the Trust and the redemption of Preferred Securities, as set forth below, in each case out of moneys held by the Trust, are guaranteed by UAL on a subordinated basis as and to the extent set forth under "Description of the Preferred Securities Guarantee." The Preferred Securities Guarantee covers distributions and other payments on the Preferred Securities only if and to the extent that UAL has made a payment to the Trust of interest or principal on the Junior Subordinated Debentures deposited in the Trust as trust assets. The Preferred Securities Guarantee, when taken together with UAL's obligations under the Junior Subordinated Debentures and the Indenture and its obligations under the Declaration, including its obligation to pay costs, expenses and certain liabilities of the Trust, constitutes a full and unconditional guarantee of amounts due on the Preferred Securities.

The Preferred Securities and Common Securities are redeemable on a Pro Rata Basis (as defined below) from time to time, in whole or in part, to the same extent as the Junior Subordinated Debentures are redeemed by UAL, at any time on or after July 12, 2004, upon not less than 10 nor more than 60 days' notice, at \$25 per Preferred Security plus accrued and unpaid distributions thereon to the date of redemption (the "Redemption Price"),

including distributions accrued as a result of UAL's election to defer payments of interest on the Junior Subordinated Debentures, payable in cash. The Preferred Securities will be redeemed upon the maturity or earlier redemption of the Junior Subordinated Debentures. See "Description of the Preferred Securities -- Mandatory Redemption." As used in this Prospectus, the term "Pro Rata Basis" shall mean pro rata to each holder of Trust Securities according to the aggregate liquidation amount of the Trust Securities held by the relevant holder in relation to the aggregate liquidation amount of all Trust Securities outstanding unless, in relation to a payment, an Event of Default under the Declaration has occurred and is continuing, in which case any funds available to make such payment shall be paid first to each holder of the Preferred Securities pro rata according to the aggregate liquidation amount of the Preferred Securities held by the relevant holder in relation to the aggregate liquidation amount of all Preferred Securities outstanding, and, only after satisfaction of all amounts owed to the holders of the Preferred Securities, to each holder of Common Securities pro rata according to the aggregate liquidation amount of the Common Securities held by the relevant holder in relation to the aggregate liquidation amount of all the Common Securities outstanding.

In addition, upon the occurrence and during the continuation of a Tax Event or an Investment Company Event (each as hereinafter defined) arising from a change in law or a change in legal interpretation or other specified circumstances, the Trust shall, unless the Junior Subordinated Debentures are redeemed in the limited circumstances described below and subject to certain other limited exceptions, be dissolved, with the result that the Junior Subordinated Debentures will be distributed to the holders of the Preferred Securities and the Common Securities on a Pro Rata Basis, in lieu of any cash distribution. In the case of a Tax Event, UAL will have the right in certain circumstances to redeem the Junior Subordinated Debentures at any time, in which event the Trust will redeem the Trust Securities on a Pro Rata Basis to the same extent as the Junior Subordinated Debentures are redeemed. If the Junior Subordinated Debentures are distributed to the holders of the Trust Securities, UAL will use its best efforts to have the Junior Subordinated Debentures listed on the NYSE or on such other exchange as the Preferred Securities are then listed. See "Description of the Preferred Securities -- Special Event Redemption or Distribution."

The Junior Subordinated Debentures will be issued pursuant to an indenture, to be dated as of \_\_\_\_\_, 1996 (the "Indenture"), between UAL and The First National Bank of Chicago as trustee (the "Indenture Trustee"). See "Description of the Junior Subordinated Debentures." The Junior Subordinated Debentures will mature on December 31, 2026 and will bear interest at an annual rate of \_\_\_\_% from the Accrual Date. Interest will be payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1996; provided that, as described above, so long as UAL shall not be in default in the payment of interest on the Junior Subordinated Debentures, UAL shall have the right to extend the interest payment period from time to time for a period not exceeding 20 consecutive quarterly interest periods. UAL has no current intention of exercising its right to extend an interest payment period. However, should UAL determine to exercise such right in the future, the market price of the Preferred Securities is likely to be affected. See "Risk Factors and Special Considerations Relating to the Offer" and "Description of the Junior Subordinated Debentures -- Option to Extend Interest Payment Period."

The Junior Subordinated Debentures will also accrue interest at the rate of 12 1/4% per annum of the principal amount thereof from November 1, 1996 through the Expiration Date, payable at the time of the first interest payment on the Junior Subordinated Debentures to holders of the Junior Subordinated Debentures on the record date for such distribution. No extension of interest will be permitted with respect to interest accruing from November 1, 1996 through the Expiration Date.

UAL shall have the right to redeem the Junior Subordinated Debentures, in whole or in part, from time to time, on or after July 12, 2004, upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount to be redeemed, plus any accrued and unpaid interest to the redemption date, including interest accrued as a result of UAL's election to defer payments of interest on the Junior Subordinated

Debentures, payable in cash. In addition, upon the occurrence of a Tax Event, UAL will also have the right if certain conditions are met to redeem the Junior Subordinated Debentures at any time. If UAL redeems the Junior Subordinated Debentures, then the Trust will redeem the Trust Securities on a Pro Rata Basis to the same extent as the Junior Subordinated Debentures are redeemed.

#### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The exchange of Depositary Shares for Preferred Securities pursuant to the Offer will be a taxable event. Gain or loss generally will be recognized in an amount equal to the difference between the fair market value on the Expiration Date of the holder's pro rata share of the Junior Subordinated Debentures represented by the Preferred Securities received in the exchange and the exchanging Holder's tax basis in the Depositary Shares surrendered. For this purpose, the fair market value of the Junior Subordinated Debentures deemed issued in exchange for Depositary Shares on the Expiration Date will equal the fair market value of the Preferred Securities on that date. See "Taxation -- Exchange of Depositary Shares for Preferred Securities."

The Junior Subordinated Debentures will be treated as issued with "original issue discount" for United States federal income tax purposes. Holders of Preferred Securities (each a "Securityholder") will be required to include their pro rata share of original issue discount in gross income as it accrues on the Junior Subordinated Debentures in advance of the receipt of cash. Generally, all of a Securityholder's taxable interest income with respect to the Junior Subordinated Debentures will be accounted for as "original issue discount" and actual distributions of stated interest will not be separately reported as taxable income. See "Taxation -- Accrual of Original Issue Discount and Premium" and "-- Potential Extension of Payment Period on the Junior Subordinated Debentures."

While dividends on the Series B Preferred are eligible for the dividends received deduction for corporate holders, dividends on the Preferred Securities are not eligible for the dividends received deduction for corporate holders.

The Preferred Securities may trade at a price that does not fully reflect the value of accrued but unpaid interest with respect to the underlying Junior Subordinated Debentures. A Securityholder who disposes of his Preferred Securities and does not receive a payment of interest from the Trust for the period in which the disposition occurs will nevertheless be required to include accrued but unpaid interest on the Junior Subordinated Debentures through the date of disposition in income as ordinary income, and to add such amount to the adjusted tax basis in his pro rata share of the underlying Junior Subordinated Debentures deemed disposed of. Accordingly, such a Securityholder will recognize a capital loss to the extent the selling price (which may not fully reflect the value of accrued but unpaid interest) is less than the Securityholder's adjusted tax basis (which will include accrued but unpaid interest). Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for United States federal income tax purposes.

#### ACCOUNTING FOR EXCHANGE

The refinancing of the Series B Preferred with the Preferred Securities will decrease UAL's stockholders' equity and may increase or decrease earnings applicable to common stockholders during the period of the Offer depending upon the difference between the fair market value of the Series B Preferred represented by the Depositary Shares and the liquidation price of the Series B Preferred at the time of the exchange. The financial statements of the Trust will be included in the consolidated financial statements of UAL. The Preferred Securities will be disclosed separately in UAL's consolidated balance sheet between the liabilities and stockholders' equity sections, and supplemented by certain disclosures in UAL's notes to the financial statements.

## UNTENDERED SHARES

Holders of Depositary Shares who do not tender their Depositary Shares in the Offer or whose Depositary Shares are not accepted for exchange will continue to hold such Depositary Shares and will be entitled to all the rights and preferences, and will be subject to all of the limitations, applicable thereto.

To the extent that Depositary Shares are tendered and accepted in the Offer, the terms on which untendered Depositary Shares could subsequently be sold could be adversely affected. See "Risk Factors and Special Considerations Relating to the Offer -- Reduced Trading Market for Depositary Shares."

## EXCHANGE AGENT AND INFORMATION AGENT

The Bank of New York has been appointed as Exchange Agent in connection with the 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 Georgeson & Company, Inc. which has been retained by UAL and the Trust to act as Information Agent for the Offer. The addresses and telephone numbers of the Exchange Agent and the Information Agent are set forth in "The Offer -- Exchange Agent and Information Agent" and on the outside back cover of this Prospectus.

## DEALER MANAGERS

Merrill Lynch & Co. and Smith Barney Inc. have been retained as Dealer Managers in connection with the Offer. For information regarding fees payable to the Dealer Managers and Soliciting Dealers (as defined herein), see "The Offer -- Dealer Managers; Soliciting Dealers."

## RISK FACTORS AND SPECIAL CONSIDERATIONS RELATING TO THE OFFER

Prospective exchanging holders of Depositary Shares who plan to participate in the Offer should carefully consider, in addition to the other information set forth elsewhere in this Prospectus, the following:

## EXCHANGE OF DEPOSITARY SHARES FOR PREFERRED SECURITIES IS A TAXABLE EVENT

The exchange of Depositary Shares for Preferred Securities pursuant to the Offer will be a taxable event. Generally, gain or loss will be recognized in an amount equal to the difference between the fair market value on the Expiration Date of the holder's pro rata share of the Junior Subordinated Debentures represented by the Preferred Securities received in the exchange and the exchanging Holder's tax basis in the Depositary Shares exchanged therefor. See "Taxation -- Exchange of Depositary Shares for Preferred Securities." All Holders of Depositary Shares are advised to consult their tax advisors regarding the United States federal, state, local and foreign tax consequences of the exchange of Depositary Shares and the issuance of Preferred Securities. See "Price Range of Depositary Shares."

## CORPORATE HOLDERS OF PREFERRED SECURITIES NOT ENTITLED TO DIVIDENDS RECEIVED DEDUCTION

While dividends with respect to the Depositary Shares are eligible for the dividends received deduction for corporate holders, distributions on the Preferred Securities are not eligible for the dividends received deduction for corporate holders.

## RANKING OF SUBORDINATED OBLIGATIONS UNDER PREFERRED SECURITIES GUARANTEE AND JUNIOR SUBORDINATED DEBENTURES

The obligations of UAL under the Junior Subordinated Debentures are unsecured obligations of UAL and will be subordinate and junior in right of payment, to the extent set forth herein, to all Senior Indebtedness of UAL, except obligations and securities made pari passu or subordinate by their terms, but senior to all capital stock now or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of its capital stock. UAL's obligations under the Preferred Securities Guarantee are unsecured and will rank (i) subordinate and junior in right of payment to all Senior Indebtedness of UAL and (ii) senior to all capital stock now or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of its capital stock. At June 30, 1996, Senior Indebtedness of UAL on a consolidated basis aggregated approximately \$11.9 billion. The terms of the Preferred Securities, the Junior Subordinated Debentures or the Preferred Securities Guarantee do not limit the ability of UAL to incur additional indebtedness or other liabilities, including indebtedness that ranks senior to or pari passu with the Junior Subordinated Debentures and the Preferred Securities Guarantee, or the ability of its subsidiaries to incur additional indebtedness or other liabilities. See "Description of the Preferred Securities Guarantee -- Status of the Preferred Securities Guarantee" and "Description of the Junior Subordinated Debentures -- Subordination."

Because UAL is a holding company that conducts business through its subsidiaries, the Junior Subordinated Debentures are effectively subordinated to all existing and future obligations of UAL's subsidiaries, including United. Any right of UAL to participate in any distribution of the assets of any of UAL's subsidiaries, including United, upon the liquidation, reorganization or insolvency of such subsidiary (and the consequent right of the holders of the Junior Subordinated 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 UAL itself as a creditor of such subsidiary may be recognized, in which case the claims of UAL 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 UAL. On June 30, 1996, Senior Indebtedness of UAL (on a consolidated basis) aggregated approximately \$11.9 billion.

## TRUST DISTRIBUTIONS DEPENDENT ON UAL'S PAYMENTS ON JUNIOR SUBORDINATED DEBENTURES

The Trust's ability to make distributions and other payments on the Preferred Securities is solely dependent upon UAL making interest and other payments on the Junior Subordinated Debentures deposited as trust assets as and when required. If UAL were not to make distributions or other payments on the Junior Subordinated Debentures for any reason, including as a result of UAL's election to defer the payment of interest on the Junior Subordinated Debentures by extending the interest period on the Junior Subordinated Debentures, the Trust will not make payments on the Trust Securities. In such an event, holders of the Preferred Securities would not be able to rely on the Preferred Securities Guarantee since distributions and other payments on the Preferred Securities are subject to such Guarantee only if and to the extent that UAL has made a payment to the Trust of interest or principal on the Junior Subordinated Debentures deposited in the Trust as trust assets. Instead, holders of Preferred Securities would rely on the enforcement by the Institutional Trustee of its rights against UAL pursuant to the terms of the Indenture and on their right to bring a direct action to enforce the payment provisions thereof. However, if the Trust's failure to make distributions on the Preferred Securities is a consequence of UAL's exercise of its right to extend the interest payment period for the Junior Subordinated Debentures, the Institutional Trustee will have no right to enforce the payment of distributions on the Preferred Securities until an Event of Default under the Declaration shall have occurred.

The Declaration provides that UAL shall pay for all debts and obligations (other than with respect to the Trust Securities) and all costs and expenses of the Trust, including any taxes and all costs and expenses with respect thereto, to which the Trust may become subject, except for United States withholding taxes.

For a discussion of the ranking of the Junior Subordinated Debentures, see "-- Ranking of Subordinated Obligations Under Preferred Securities Guarantee and Junior Subordinated Debentures."

## UAL MAY DEFER INTEREST PAYMENTS ON JUNIOR SUBORDINATED DEBENTURES

So long as UAL shall not be in default in the payment of interest on the Junior Subordinated Debentures, UAL has the right under the Indenture to defer payments of interest on the Junior Subordinated Debentures by extending the interest payment period from time to time on the Junior Subordinated Debentures for an Extension Period not exceeding 20 consecutive quarterly interest periods, during which no interest shall be due and payable, provided that no Extension Period may extend beyond the maturity of the Junior Subordinated Debentures. In such an event, quarterly distributions on the Preferred Securities would not be made (but would continue to accrue with interest thereon at the rate of \_\_\_\_% per annum, compounded quarterly to the extent permitted by applicable law) by the Trust during any such Extension Period. If UAL exercises the right to extend an interest payment period, UAL may not during such Extension Period declare or pay dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Junior Subordinated Debentures or make any guarantee payments with respect thereto. Any Extension Period with respect to payment of interest on the Junior Subordinated Debentures, other debt securities of UAL under the Indenture or on any similar securities will apply to all such securities and will also apply to distributions with respect to the Preferred Securities and all other securities with similar terms.

Prior to the termination of any Extension Period, UAL may further extend such Extension Period; provided that such Extension Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarterly interest periods. Upon the termination of any Extension Period and the payment of all amounts then due, UAL may commence a new Extension Period, subject to the above requirements. Consequently, there could be multiple Extension Periods of varying lengths (up to six Extension Periods of 20 consecutive quarterly interest periods each or more numerous shorter Extension Periods) throughout the term of the Junior Subordinated Debentures. See "Description of the Preferred Securities -- Distributions" and "Description of the Junior Subordinated Debentures -- Option to Extend Interest Payment Period."

## TAX CONSEQUENCES OF EXTENSION OF INTEREST PAYMENT PERIODS

Because UAL has the right to extend the interest payment period up to 20 consecutive quarterly interest periods on various occasions, the Junior Subordinated Debentures will be treated as issued with "original issue discount" for United States federal income tax purposes. As a result, holders of Preferred Securities will be required to include their pro rata share of original issue discount in gross income as it accrues for United States federal income tax purposes in advance of the receipt of cash. Generally, all of a Securityholder's taxable interest income with respect to the Junior Subordinated Debentures will be accounted for as "original issue discount" and actual distributions of stated interest will not be separately reported as taxable income. See "Taxation -- Accrual of Original Issue Discount and Premium" and "-- Potential Extension of Payment Period on the Junior Subordinated Debentures."

## PROPOSED TAX LEGISLATION

On March 19, 1996, President Clinton proposed certain tax law changes (the "Proposed Legislation") that would, among other things, generally deny corporate issuers a deduction for interest in respect of certain debt obligations, such as the Junior Subordinated Debentures, issued on or after December 7, 1995. On March 29, 1996, Senate Finance Committee Chairman William V. Roth, Jr. and House Ways and Means Committee Chairman Bill Archer issued a joint statement (the "Joint Statement") indicating their intent that the Proposed Legislation, if adopted by either of the tax-writing committees of Congress, would have an effective date that is no earlier than the date of "appropriate Congressional action." In addition, subsequent to the publication of the Joint Statement, Senator Daniel Patrick Moynihan and Representatives Sam M. Gibbons and Charles B. Rangel wrote letters to Treasury Department officials concurring with the view expressed in the Joint Statement (the "Democrat Letters"). If the principles contained in the Joint Statement and the Democrat Letters were followed and the Proposed Legislation were enacted, such legislation would not apply to the Junior Subordinated Debentures. There can be no assurance, however, that the effective date guidance contained in the Joint Statement will be incorporated into the Proposed Legislation, if enacted, or that other legislation enacted after the date hereof will not otherwise adversely affect the ability of UAL to deduct the interest payable on the Junior Subordinated Debentures. Accordingly, there can be no assurance that a Tax Event will not occur. The occurrence of a Tax Event may, among other things, result in a dissolution of the Trust in which holders of the Preferred Securities may receive cash, which would be a taxable event to such holders. See "--Special Event Redemption or Distribution" and "Description of the Preferred Securities--Special Event Redemption or Distribution."

## POTENTIAL MARKET VOLATILITY DURING EXTENSION PERIOD

As described above, UAL has the right to extend an interest payment period on the Junior Subordinated Debentures from time to time for periods not exceeding 20 consecutive quarterly interest periods. If UAL determines to extend an interest payment period, or if UAL thereafter extends an Extension Period, the market price of the Preferred Securities is likely to be adversely affected. In addition, as a result of such rights, the market price of the Preferred Securities (which represent an undivided interest in Junior Subordinated Debentures) may be more volatile than other securities on which original issue discount accrues that do not have such rights. A holder that disposes of its Preferred Securities during an Extension Period, therefore, may not receive the same return on its investment as a holder that continues to hold its Preferred Securities. See "Description of the Junior Subordinated Debentures -- Option to Extend Interest Payment Period."

## LACK OF ESTABLISHED TRADING MARKET FOR PREFERRED SECURITIES

The Preferred Securities constitute a new issue of securities of the Trust with no established trading market. While application will be made to list the Preferred Securities on the NYSE, there can be no assurance that an active market for the Preferred Securities will develop or be sustained in the future on such exchange. Although the Dealer



Managers have indicated to UAL and the Trust that they intend to make a market in the Preferred Securities following the Expiration Date, as permitted by applicable laws and regulations prior to the commencement of trading on the NYSE, 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 Preferred Securities. In order to satisfy the NYSE listing requirements, acceptance of Depositary Shares validly tendered in the Offer is subject to the Minimum Distribution Condition, which condition may not be waived by UAL or the Trust. See "Listing and Trading of Preferred Securities and Depositary Shares."

#### REDUCED TRADING MARKET FOR DEPOSITARY SHARES

To the extent Depositary Shares are tendered and accepted in the Offer, the liquidity and trading market for the Depositary Shares to be outstanding following the Offer, and the terms upon which such Depositary Shares could be sold, could be adversely affected. In addition, if the Offer is substantially subscribed, there would be a significant risk that round lot holdings of Depositary Shares outstanding following the Offer would be limited. See "Listing and Trading of Preferred Securities and Depositary Shares."

Under the rules of the NYSE, preferred securities such as the Depositary Shares are subject to delisting if (i) the aggregate value of publicly-held shares is less than \$2 million and (ii) the number of publicly-held shares is less than 100,000. There can be no assurance that the Depositary Shares will continue to meet the NYSE listing standards following the Offer.

#### SPECIAL EVENT REDEMPTION OR DISTRIBUTION

Upon the occurrence and during the continuation of a Tax Event or Investment Company Event (each as defined herein), which may occur at any time, the Trust shall, unless the Junior Subordinated Debentures are redeemed in the limited circumstances described below, be dissolved, with the result that, in the manner described in "Description of the Preferred Securities -- Liquidation Distribution Upon Dissolution," Junior Subordinated Debentures having an aggregate principal amount equal to the aggregate stated liquidation amount of, and bearing accrued and unpaid interest equal to accrued and unpaid distributions on, the Preferred Securities and Common Securities would be distributed on a Pro Rata Basis to the holders of the Preferred Securities and Common Securities in liquidation of the Trust. In the case of a Tax Event, in certain circumstances, UAL shall have the right to redeem at any time the Junior Subordinated Debentures, in whole or in part, in which event the Trust will redeem Preferred Securities and Common Securities on a Pro Rata Basis to the same extent as the Junior Subordinated Debentures are redeemed. There can be no assurance as to the market prices for Preferred Securities or the Junior Subordinated Debentures which may be distributed in exchange for Preferred Securities if a dissolution and liquidation of the Trust were to occur. Accordingly, the Junior Subordinated Debentures which the investor may receive on dissolution and liquidation of the Trust may trade at a discount to the price of the Depositary Shares exchanged. See "Description of the Preferred Securities -- Special Event Redemption or Distribution" and "Description of the Junior Subordinated Debentures -- General."

Under current United States federal income tax law, a distribution of the Junior Subordinated Debentures upon a Tax Event or Investment Company Event would not be a taxable event to holders of the Preferred Securities. See "Taxation -- Distribution of Junior Subordinated Debentures to Holders of Preferred Securities."

#### LIMITED VOTING RIGHTS

Holders of Preferred Securities will have limited voting rights and will not be able to appoint, remove or replace, or to increase or decrease the number of, Trustees, which rights are vested exclusively in the Common Securities. See "Description of the Preferred Securities -- Voting Rights."

Holders of Depositary Shares also have limited voting rights. However, in the event that dividends on any series of preferred stock, including the Series B Preferred, are in arrears and unpaid for six quarterly dividend periods, whether or not consecutive, the Board of Directors is required to be increased by two directors and the holders of Series B Preferred, together with the holders of all other series of preferred stock then entitled to vote thereon, would be entitled to elect two directors of the expanded Board of Directors with certain exceptions. See "Description of the Series B Preferred and Depositary Shares -- Series B Preferred -- Voting Rights."

The Indenture contains no provisions which would afford the holders of Junior Subordinated Debentures protection in the event of a highly leveraged transaction involving UAL or a change of control of UAL.

COMPARISON OF PREFERRED SECURITIES AND DEPOSITARY SHARES

The following is a brief summary of certain terms of the Preferred Securities and the Depositary Shares. For a more complete description of the Preferred Securities, see "Description of the Preferred Securities." For a description of the Junior Subordinated Debentures which will be deposited in the Trust as trust assets and will represent the sole source for the payment of distributions and other payments on the Preferred Securities, see "Description of the Junior Subordinated Debentures." For a description of Depositary Shares, see "Description of the Series B Preferred and Depositary Shares."

	Preferred Securities -----	Depositary Shares/Series B Preferred -----
Issuer . . . . .	The Trust. Payment of distributions and on liquidation or redemption is guaranteed on a subordinated basis, as and to the extent described herein, by UAL.	UAL.
Distribution/ Dividend Rate . . . . .	____% per annum distribution payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, commencing December 31, 1996, from and including the Accrual Date, but only if and to the extent that, interest payments are made in respect of the Junior Subordinated Debentures held by the Trust.	12 1/4% per annum dividend payable on the Series B Preferred on the first business day of February, May, August and November of each year, out of funds legally available therefor, when, as and if declared by UAL's Board of Directors. Dividends are cumulative. Dividends accrue whether or not UAL has earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared. UAL has made each quarterly dividend payment with respect to the Depositary Shares on the scheduled dividend payment date.
Interest Accrual .	During any Extension Period on the Junior Subordinated Debentures, distribution payments on the Preferred Securities will not be made but would continue to accrue, and, in the case of distributions in arrears, would bear interest at the	Accrued but unpaid dividends do not bear interest.

## Preferred Securities

## Depository Shares/Series B Preferred

rate of \_\_\_\_% per annum,  
compounded quarterly to the extent permitted  
by applicable law.

Maturity/  
Mandatory  
and Optional  
Redemption . . . .

The Preferred Securities will be redeemed upon the maturity or earlier redemption of the Junior Subordinated Debentures, at a redemption price equal to \$25 per Preferred Security to be redeemed, plus any accrued and unpaid distributions to the redemption date, including distributions accrued as a result of UAL's election to defer payments of interest on the Junior Subordinated Debentures. The Junior Subordinated Debentures are redeemable at the option of UAL, in whole or in part, on or after July 12, 2004, at a redemption price equivalent to \$25 per Junior Subordinated Debenture to be redeemed, plus accrued and unpaid interest thereon, to the redemption date. In the event that the Junior Subordinated Debentures are redeemed, upon the repayment of the Junior Subordinated Debentures, upon maturity, upon redemption or otherwise, the proceeds thereof will be promptly applied to redeem the Preferred Securities and the Common Securities. The Junior Subordinated Debentures have a final maturity of December 31, 2026. See "Description of the Preferred Securities -- Special Event Redemption or Distribution" and "-- Mandatory Redemption." Holders of Preferred Securities have no right to require UAL to redeem the Preferred Securities at the option of the holders.

No maturity or mandatory redemption. The Depository Shares are redeemable at the option of UAL on and after July 12, 2004, in whole or in part, at a redemption price equivalent to \$25 per Depository Share to be redeemed, plus accrued and unpaid dividends thereon, to the date fixed for redemption. Holders of Depository Shares have no right to require UAL to redeem the Depository Shares at the option of the holders.

Subordination . . . .

Subordinated to claims of creditors of the Trust, if any. The Preferred Securities and the Common Securities will have equivalent terms; provided that (i) if an Event of Default under the Declaration occurs and is continuing, the holders of Preferred Securities will have a priority over holders of the Common Securities with respect to payments in respect of distributions and payments upon liquidation, redemption or otherwise and (ii) holders of Common Securities have the exclusive right (subject to the terms of

Subordinated to claims of creditors of UAL, including the Junior Subordinated Debentures, but senior to all other shares of capital stock of UAL.

Preferred Securities  
-----

Depository Shares/Series B Preferred  
-----

the Declaration) to appoint, remove or replace Trustees and to increase or decrease the number of Trustees.

The Trust is not permitted to incur any indebtedness for borrowed money. The Declaration provides that UAL shall pay for all debts and obligations (other than with respect to the Trust Securities) and all costs and expenses of the Trust, including any income taxes, duties and other governmental charges, and all costs and expenses with respect thereto, to which the Trust may become subject, except for United States withholding taxes.

The Junior Subordinated Debentures will rank subordinate and junior to all Senior Indebtedness of UAL, except obligations and securities made pari passu or subordinate by their terms, and senior to all capital stock now or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of any of its capital stock (including the Depository Shares). UAL's obligations under the Preferred Securities Guarantee will rank subordinate and junior to all Senior Indebtedness of UAL, except obligations and securities made pari passu or subordinate by their terms, and senior to all capital stock now or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of any of its capital stock.

As of June 30, 1996, UAL had Senior Indebtedness (on a consolidated basis) of approximately \$11.9 billion.

Listing . . . . .

Application will be made to list the Preferred Securities on the NYSE under the symbol "\_\_\_\_\_." In order to satisfy the NYSE listing requirements, acceptance of Depository Shares validly tendered in the Offer is subject to the Minimum Distribution Condition, which condition may not be waived.

The Depository Shares are listed on the NYSE under the symbol "UAL Pr B."

## Preferred Securities

-----

Dividends  
Received  
Deduction . . . . .

Distributions on the Preferred Securities are not eligible for the dividends received deduction for corporate holders.

Voting Rights/  
Enforcement . . . . .

Holders of Preferred Securities have no voting rights other than as provided under the Business Trust Act or the Trust Indenture Act, except in the limited circumstances discussed below. The Institutional Trustee has the power to exercise all rights under the Indenture with respect to the Junior Subordinated Debentures and is also authorized to enforce the Preferred Securities Guarantee on behalf of holders of the Preferred Securities. If the Trust's failure to make distributions is a consequence of UAL's exercise of its right to extend the interest payment period for the Junior Subordinated Debentures as described under "Distribution/Dividend Rate," the Institutional Trustee will have no right to enforce the payment of distributions until an Event of Default under the Declaration shall have occurred. The holders of at least a majority in liquidation amount of the Preferred Securities will have the right to direct the Institutional Trustee with respect to certain matters under the Declaration and the Preferred Securities Guarantee. Any holder of Preferred Securities may institute a legal proceeding against UAL to enforce the Preferred Securities Guarantee and the payment provisions of the Indenture. See "Description of the Preferred Securities" and "Description of the Preferred Securities Guarantee."

## Depository Shares/Series B Preferred

-----

Dividends are eligible for the dividends received deduction for corporate holders.

If dividends shall be in arrears for six quarterly dividend periods, whether or not consecutive, UAL's Board of Directors shall be increased by two directors and holders have the right (together with other classes of preferred stock ranking on a parity with the Series B Preferred either as to dividends or on the distribution of assets upon liquidation) to elect two directors.

## UAL CORPORATION

UAL Corporation, a Delaware corporation ("UAL"), is a holding company and its primary subsidiary is United Air Lines, Inc., a Delaware corporation ("United"), which is wholly owned. United is one of the world's largest airlines as measured by revenue passenger miles and primarily serves the North American, Pacific, Latin American and European markets. As of June 30, 1996, United served 138 airports in the United States and 30 foreign countries. During the twelve months ended June 30, 1996, United averaged 2,127 departures daily, flew a total of 115 billion revenue passenger miles and carried an average of 219,540 passengers per day. As of June 30, 1996, United's fleet of aircraft totaled 562. United's major hub operations are located at Chicago, Denver, Los Angeles, San Francisco, Washington, D.C. and Tokyo.

## CAPITALIZATION

The following table sets forth the consolidated capitalization of UAL at June 30, 1996 and as adjusted to give effect to the Offer (assuming that the minimum of 1,000,000 shares and the maximum of all of the shares of the Depositary Shares not owned by UAL are exchanged).

		June 30, 1996	
		-----	
		As Adjusted	
		-----	
	Actual	Assuming Minimum Exchange	Assuming Maximum Exchange
	-----	-----	-----
	(Dollars in millions)		
Short-term borrowings, long-term debt maturing within one year and current obligations under capital leases . . . . .	\$223	\$223	\$223
Long-term debt, excluding portion due within one year . . . . .			
Secured notes . . . . .	858	858	858
Debentures . . . . .	955	955	955
Convertible debentures . . . . .	25	25	25
Promissory notes . . . . .	33	33	33
Unamortized discount on debt . . . . .	(10)	(10)	(10)
	-----	-----	-----
Long-term obligations under capital leases . . . . .	1,861	1,861	1,861
	1,192	1,192	1,192
	-----	-----	-----
Total long-term debt and capital lease obligations . . . . .	3,053	3,053	3,053
	-----	-----	-----
Class 2 ESOP Preferred Stock, \$.01 par value(a) . . . . .	88	88	88
	-----	-----	-----
UAL obligated mandatorily redeemable ___% preferred securities of subsidiary trust, the sole assets of which are the Junior Subordinated Debentures of UAL with a final maturity of December 31, 2026(b) . . . . .	--	34	210
	-----	-----	-----
Shareholders' equity:			
Series B Preferred Stock, \$.01 stated value . . . . .	--	--	--
Class 1 ESOP Preferred Stock, \$.01 par value . . . . .	--	--	--

Class 2 ESOP Preferred Stock, \$.01 par value . . . . .	--	--	--
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(b) . . . . .	1,904	1,870	1,694
Accumulated deficit . . . . .	(898)	(898)	(898)
Unearned ESOP Preferred Stock . . . . .	(163)	(163)	(163)
Stock held in treasury . . . . .	(385)	(385)	(385)
Other . . . . .	(91)	(91)	(91)
	-----	-----	-----
Total shareholders' equity . . . . .	367	333	157
	-----	-----	-----
Total capitalization . . . . .	3,731	3,731	3,731
	=====	=====	=====

(a) The Class 2 ESOP Preferred Stock committed to be contributed to the Supplemental ESOP is reported outside of equity because the employees can elect to receive their "book entry" shares from the Company in cash upon termination of employment.

(b) Assuming the minimum exchange (1,000,000 Depositary Shares), the Preferred Securities that will be issued are expected to have an aggregate liquidation value of \$25 million and an aggregate fair market value of \$34 million as of the date of exchange. Assuming the maximum exchange (all of the Depositary Shares not owned by UAL), the Preferred Securities that will be issued are expected to have an aggregate liquidation value of \$157 million and an aggregate fair market value of \$210 million as of the date of exchange.

The Preferred Securities will be recorded at their fair market value through a corresponding charge to Additional Capital Invested. To the extent the actual aggregate fair market value of the Preferred Securities at the date of exchange differs from the expected amounts, the balances of the Preferred Securities and Additional Capital Invested will change accordingly.

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The following should be read in conjunction with UAL's Consolidated Financial Statements and the related notes thereto. The financial information for each of the years in the three-year period ended December 31, 1995 has been derived from the consolidated financial statements of UAL 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 and 1993 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."

The financial information for each of the six-month periods ended June 30, 1996 and 1995 has been derived from UAL's unaudited consolidated financial statements incorporated by reference herein. The information for interim periods is unaudited, but, in the opinion of management, reflects all adjustments (which, except for the effects of the employee investment transaction, include only normal recurring adjustments) necessary for a fair presentation of the results of operations for such periods. Results for interim periods should not be considered as indicative of results for any other periods or for the year. See "Incorporation of Certain Documents by Reference."

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1996	1995	1995	1994	1993
(Dollars in millions, except per share amounts and operating data)					
STATEMENT OF OPERATIONS					
DATA:					
Operating revenues(a) . . .	\$7,898	\$7,149	\$14,943	\$13,950	\$13,325
Earnings (loss) from operations . . . . .	460	340	829	521	263
Earnings (loss) before extraordinary item and cumulative effect of accounting changes . . .	233	154	378	77	(31)
Net earnings (loss) . . .	174	154	349	51	(50)
Earnings (loss) per common share before extraordinary item and cumulative effect of accounting changes (e) . . .	2.24	2.76	5.19	0.19	(0.66)
Net earnings (loss) per common share(b)(e)	1.51	2.76	4.78	(0.15)	(0.85)
STATEMENT OF FINANCIAL POSITION DATA (at end of period):					
Total assets . . . . .	11,533	12,102	11,641	11,764	12,840
Total long-term debt and capital lease obligations, including current portion . . . . .	3,276	4,388	4,102	4,077	3,735
Shareholders' equity . .	367	(522)	(239)	(316)	1,203
Book value per common share(c)(e) . . . . .	3.60	(16.61)	(9.06)	(24.99)	6.14
OTHER DATA:					
Ratio of earnings to fixed charges . . . . .	1.57	1.36	1.44	1.10	(d)
Ratio of earnings to fixed charges and preferred stock dividends . . . . .	1.52	1.34	1.41	1.09	(d)
UNITED OPERATING DATA:					
Revenue passengers (millions) . . . . .	40	38	79	74	70
Average length of a passenger trip in miles . . . . .	1,415	1,400	1,419	1,459	1,450
Revenue passenger miles (millions) . . . . .	56,214	53,456	111,811	108,299	101,258
Available seat miles (millions) . . . . .	79,250	76,871	158,569	152,193	150,728
Passenger load factor . .	70.9%	69.5%	70.5%	71.2%	67.2%
Break even passenger load factor . . . . .	66.2%	65.8%	66.1%	68.2%	65.5%
Revenue per passenger mile	12.4c	11.8c	11.8c	11.3c	11.6c
Cost per available seat mile . . . . .	9.4c	8.8c	8.9c	8.8c	8.5c
Average price per gallon of jet fuel . . . . .	68.7c	57.9c	59.5c	58.8c	63.6c



- 
- (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 UAL's Current Report on Form 8-K dated May 3, 1994 which is incorporated by reference in this Prospectus.
- (b) In connection with a recapitalization that occurred in July, 1994, each old common share was exchanged for one half new common share. As required under generally accepted accounting principles for transactions of this type, the historical weighted average shares outstanding have not been restated. Thus, direct comparisons between 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.
- (e) On May 6, 1996, UAL effected a four-for-one split in its common stock in the form of a 300% stock dividend. All share and per share data have been retroactively restated to give effect to this stock split.

## RECENT DEVELOPMENTS

On July 23, 1996, UAL announced unaudited net earnings of \$174 million for the six months ended June 30, 1996. Earnings were \$233 million before an after-tax \$59 million extraordinary loss on the early extinguishment of debt. Earnings per share were \$2.24 on a fully diluted basis before the extraordinary loss (\$2.33 on a primary basis), and were \$1.51 after the effects of the loss (\$1.56 on a primary basis). In the first six months of 1995, UAL reported net earnings of \$154 million. Operating earnings for the first six months of 1996 were \$460 million on revenues of \$7,898 million. Operating earnings were \$340 million in the first six months of 1995 on revenues of \$7.149 billion.

UAL also reported that on a pro forma, fully distributed basis (see below for further explanation of the methodology), net earnings for the first six months of 1996 were \$382 million (\$2.68 per share), or \$441 million (\$3.29 per share) before the extraordinary loss. Fully distributed operating earnings for the first six months of 1996 were \$791 million. UAL reported that available seat miles grew 3.1% in the six-month period to 79.3 billion from 76.9 billion in 1995. Traffic increased by 5.2% reflecting growth in revenue passenger miles to 56.2 billion from 53.5 billion in 1995. The resulting passenger load factor increased by 1.4 points to 70.9% from 69.5%, while the break-even passenger load factor (excluding ESOP charges) decreased by 0.8 points to 62.8% from 63.6%. Yield (revenue per passenger mile) increased by 5% to 12.36 cents, up from 11.77 cents in 1995.

More recently, UAL announced that traffic figures for July, August and September 1996 improved year over year reflecting increases in revenue passenger miles of 3.8%, 4.3% and 2.9%, respectively, over the comparable months in 1995.

In addition to reviewing financial statements reported under generally accepted accounting principles ("GAAP"), UAL believes a more complete understanding of its results can be gained by viewing them on a pro forma, fully distributed basis. This presentation considers all ESOP shares (which will be issued to employees over the course of the ESOP period) to be immediately outstanding and thus fully distributed. Consistent with this presentation, the ESOP compensation expense (which reflects the commitment of stock to employees) is excluded from fully distributed expenses and ESOP convertible preferred stock dividends have not been deducted from earnings attributable to common shareholders.

The Trust is a statutory business trust that was formed under the Business Trust Act on October 15, 1996 pursuant to a declaration of trust dated October 15, 1996 among the Institutional Trustee, the Delaware Trustee and UAL and the filing of a certificate of trust with the Secretary of State of Delaware. Such declaration of trust will be amended and restated in its entirety as of the date the Trust accepts Depositary Shares in the Offer (see "The Offer -- Terms of the Offer") substantially in the form filed as an exhibit to the Registration Statement of which this Prospectus forms a part. The Declaration is qualified under the Trust Indenture Act. Upon issuance of the Preferred Securities, the holders thereof will own all of the issued and outstanding Preferred Securities. UAL has agreed to acquire Common Securities in an amount equal to at least 3% of the total capital of the Trust and will own, directly or indirectly, all of the issued and outstanding Common Securities. The Preferred Securities and the Common Securities will have equivalent terms; provided that (i) if an Event of Default under the Declaration occurs and is continuing, the holders of Preferred Securities will have a priority over holders of the Common Securities with respect to payments in respect of distributions and payments upon liquidation, redemption or otherwise and (ii) holders of Common Securities have the exclusive right (subject to the terms of the Declaration) to appoint, remove or replace Trustees and to increase or decrease the number of Trustees.

The number of Trustees of the Trust shall initially be five. Three of the Trustees will be the Regular Trustees. The fourth trustee is The First National Bank of Chicago which will act as the Indenture Trustee for purposes of the Trust Indenture Act. The fifth trustee is First Chicago Delaware Inc. which will serve as the Delaware Trustee. Pursuant to the Declaration, the Institutional Trustee will have the power to exercise all rights, powers and privileges under the Indenture with respect to the Junior Subordinated Debentures. The Institutional Trustee will promptly make distributions to the holders of the Trust Securities out of any funds in the Trust. The Preferred Securities Guarantee will be separately qualified under the Trust Indenture Act and will be held by The First National Bank of Chicago, acting in its separate capacity as indenture trustee with respect to the Preferred Securities Guarantee for the benefit of the holders of the Preferred Securities.

The Trust exists for the purpose of (a) issuing (i) its Preferred Securities in exchange for Depositary Shares validly tendered in the Offer and delivering such Depositary Shares to UAL in consideration of the deposit by UAL as Trust assets of Junior Subordinated Debentures having an aggregate stated principal amount equal to the aggregate stated liquidation amount of such Preferred Securities, and (ii) its Common Securities to UAL in exchange for cash and investing the proceeds thereof in an equivalent amount of Junior Subordinated Debentures and (b) engaging in such other activities as are necessary or incidental thereto. The rights of the holders of the Preferred Securities, including economic rights, rights to information and voting rights, are set forth in the Declaration, the Business Trust Act and the Trust Indenture Act.

Under the Declaration, the Trust shall not, and the Trustees (including the Institutional Trustee) shall cause the Trust not to, engage in any activity other than in connection with the purposes of the Trust or other than as required or authorized by the Declaration. In particular, the Trust shall not and the Trustees (including the Institutional Trustee) shall not (a) invest any proceeds received by the Trust from holding the Junior Subordinated Debentures but shall promptly distribute all such proceeds to holders of Trust Securities pursuant to the terms of the Declaration and of the Trust Securities; (b) acquire any assets other than as expressly provided in the Declaration; (c) possess Trust property for other than a Trust purpose; (d) make any investments, other than investments represented by the Junior Subordinated Debentures; (e) possess any power or otherwise act in such a way as to vary the Trust assets or the terms of the Trust Securities in any way whatsoever; (f) issue any securities or other evidences of beneficial ownership of, or beneficial interests in, the Trust other than the Trust Securities; (g) incur any indebtedness for borrowed money or (h)(1) direct the time, method and place of exercising any trust or power conferred upon the Indenture Trustee with respect to the Junior Subordinated Debentures, (2) waive any past default that is waivable under Section 5.7 of the Indenture, (3) exercise any right to rescind or annul any declaration that the principal of all of the Junior Subordinated Debentures shall be due and payable or (4) consent

to any amendment, modification or termination of the Indenture or the Junior Subordinated Debentures or the Declaration, in each case where such consent shall be required, if in the case of this clause (h) such action would cause the Trust to be classified for United States federal income tax purposes as other than a grantor trust or would cause the Trust to be deemed an "investment company" which is required to be registered under the 1940 Act.

The books and records of the Trust will be maintained at the principal office of the Trust and will be open for inspection by a holder of Preferred Securities or the duly authorized representative of such holder for any purpose reasonably related to its interest in the Trust during normal business hours. The Trust anticipates that it will not be required to file with the Commission or distribute to holders of Preferred Securities periodic reports regarding the Trust.

Except as provided below or under the Business Trust Act and the Trust Indenture Act, holders of Preferred Securities will have no voting rights. See "Description of the Preferred Securities -- Voting Rights."

The Institutional Trustee, for the benefit of the holders of the Trust Securities, is authorized under the Declaration to exercise all rights under the Indenture with respect to the Junior Subordinated Debentures and to enforce UAL's obligations under the Junior Subordinated Debentures upon the occurrence of an Indenture Event of Default. The Institutional Trustee, as the Guarantee Trustee, shall also be authorized to enforce the rights of holders of Preferred Securities under the Preferred Securities Guarantee. If the Trust's failure to make distributions on the Preferred Securities is a consequence of UAL's exercise of its right to extend the interest payment period for the Junior Subordinated Debentures, the Institutional Trustee will have no right to enforce the payment of distributions on the Preferred Securities until an Event of Default shall have occurred. Holders of at least a majority in liquidation amount of the Preferred Securities will have the right to direct the Institutional Trustee with respect to certain matters under the Declaration and the Preferred Securities Guarantee. Any holder of Preferred Securities may institute a legal proceeding against UAL to enforce the Preferred Securities Guarantee and the payment obligations under the Indenture. See "Description of the Preferred Securities -- Voting Rights."

If an Indenture Event of Default occurs and is continuing with respect to Junior Subordinated Debentures, an Event of Default under the Declaration will occur and be continuing with respect to the Trust Securities. In such event, the Declaration provides that the holders of Common Securities will be deemed to have waived any such Event of Default with respect to the Common Securities until all Events of Default with respect to the Preferred Securities have been cured or waived. Until all such Events of Default with respect to the Preferred Securities have been so cured or waived, the Institutional Trustee will be deemed to be acting solely on behalf of the holders of the Preferred Securities and only the holders of the Preferred Securities will have the right to direct the Institutional Trustee with respect to certain matters under the Declaration and consequently under the Indenture. If any Event of Default with respect to the Preferred Securities is waived by the holders of the Preferred Securities as provided in the Declaration, the holders of Common Securities pursuant to the Declaration have agreed that such waiver also constitutes a waiver of such Event of Default with respect to the Common Securities for all purposes under the Declaration without any further act, vote or consent of the holders of the Common Securities. See "Description of the Preferred Securities."

The Declaration provides that the Trustees may treat the person in whose name a Preferred Security is registered on the books and records of the Trust as the sole holder thereof and of the Preferred Securities represented thereby for purposes of receiving distributions and for all other purposes and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such certificate or in the Preferred Securities represented thereby on the part of any person, whether or not the Trust shall have actual or other notice thereof. Preferred Securities will be issued in fully registered form. Investors may elect to hold their Preferred Securities directly or, subject to the rules and procedures of The Depository Trust Company and Philadelphia Depository Trust Company (the "Depository Institutions") described under "Description of the Preferred Securities -- Book-Entry; Delivery and Form," hold interests in a global certificate registered on the books and records of the Trust in the name of a Depository Institution or its nominee. Under the Declaration:

(i) the Trust and the Trustees shall be entitled to deal with a Depository Institution (or any successor depository) for all purposes, including the payment of distributions and receiving approvals, or consents under the Declaration, and except as set forth in the Declaration, shall have no obligation to persons owning Preferred Securities ("Preferred Security Beneficial Owners") registered in the name of and held by a Depository Institution or its nominee; and

(ii) the rights of Preferred Security Beneficial Owners shall be exercised only through a Depository Institution (or any successor depository) and shall be limited to those established by law and agreements between such Preferred Security Beneficial Owners and a Depository Institution and/or its participants. See "Description of the Preferred Securities -- Book-Entry; Delivery and Form." With respect to Preferred Securities registered in the name of and held by a Depository Institution or its nominee, all notices and other communications required under the Declaration shall be given to, and all distributions on such Preferred Securities shall be given or made to, a Depository Institution (or its successor).

In the Declaration, UAL has agreed to pay for all debts and obligations (other than with respect to the Trust Securities) and all costs and expenses of the Trust, including the fees and expenses of the Trustees and any taxes and all costs and expenses with respect thereto, to which the Trust may become subject, except for United States withholding taxes. See "Risk Factors and Special Considerations Relating to the Offer -- Trust Distributions Dependent on UAL's Payments on Junior Subordinated Debentures." The foregoing obligations of UAL under the Declaration are for the benefit of, and shall be enforceable by, any person to whom any such debts, obligations, costs, expenses and taxes are owed (a "Creditor") whether or not such Creditor has received notice thereof. Any such Creditor may enforce such obligations of UAL directly against UAL and UAL has irrevocably waived any right or remedy to require that any such Creditor take any action against the Trust or any other person before proceeding against UAL. UAL has agreed in the Declaration to execute such additional agreements as may be necessary or desirable in order to give full effect to the foregoing.

THE FOREGOING SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION IS A DISCUSSION OF ALL MATERIAL TERMS OF THE DECLARATION, BUT DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE DECLARATION WHICH HAS BEEN FILED AS AN EXHIBIT TO THE REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS IS A PART.

The business address of the Trust is c/o UAL Corporation, 1200 East Algonquin Road, Elk Grove Township, Illinois 60007, telephone number (847) 700-4000.

## PURPOSE OF THE OFFER

The purpose of the Offer is to refinance the Depositary Shares with the Preferred Securities and to achieve certain tax efficiencies while preserving UAL's flexibility with respect to future financings. This refinancing will permit UAL to deduct interest payable on the Junior Subordinated Debentures for United States federal income tax purposes; dividends payable with regard to the Depositary Shares are not deductible.

## GENERAL

PARTICIPATION IN THE OFFER IS VOLUNTARY AND HOLDERS OF DEPOSITARY SHARES SHOULD CAREFULLY CONSIDER WHETHER TO ACCEPT. NONE OF THE BOARD OF DIRECTORS OF UAL, UAL, THE TRUSTEES NOR THE TRUST MAKES ANY RECOMMENDATION TO HOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING IN THE OFFER. HOLDERS OF DEPOSITARY SHARES ARE URGED TO CONSULT THEIR FINANCIAL AND TAX ADVISORS IN MAKING THEIR DECISIONS ON WHAT ACTION TO TAKE IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES. SEE "PRICE RANGE OF DEPOSITARY SHARES."

Unless the context requires otherwise, the term "Holder" with respect to the Offer means (i) any person in whose name any Depositary Shares are registered on the books of UAL or (ii) any other person who has obtained a properly completed stock power from the registered holder, or (iii) any person whose Depositary Shares are held of record by a Depositary Institution.

## TERMS OF THE OFFER

Upon the terms and subject to the conditions set forth herein and in the Letter of Transmittal, the Trust will exchange its Preferred Securities for any and all of the Depositary Shares not owned by UAL. The Offer will be effected on a basis of one Preferred Security for each Depositary Share validly tendered and accepted for exchange. See "-- Procedures for Tendering." Upon the terms and subject to the conditions set forth herein and in the Letter of Transmittal, the Trust will accept Depositary Shares validly tendered and not withdrawn prior to the Expiration Date and, unless the Offer has been withdrawn or terminated, will deliver Preferred Securities in exchange therefor to tendering Holders of Depositary Shares as promptly as practicable following the Expiration Date. The Trust expressly reserves the right, in its sole discretion, to delay acceptance for exchange of Depositary Shares tendered under the Offer and the delivery of the Preferred Securities with respect to the Depositary Shares accepted for exchange (subject to Rules 13e-4 and 14e-1 under the Exchange Act, which require that the Trust consummate the Offer or return the Depositary Shares deposited by or on behalf of the Holders thereof promptly after the termination or withdrawal of the Offer), or to amend, withdraw or terminate the Offer at any time prior to the Expiration Date for any of the reasons set forth in "-- Conditions to the Offer" and "-- Expiration Date; Extensions; Amendments; Termination."

In all cases, except to the extent waived by the Trust, delivery of Preferred Securities issued with respect to the Depositary Shares accepted for exchange pursuant to the Offer will be made only after timely receipt by the Exchange Agent of Depositary Shares (or confirmation of book-entry transfer thereof), a properly completed and duly executed Letter of Transmittal and any other documents required thereby.

As of the date of this Prospectus, there are 6,266,781 Depositary Shares not owned by UAL. This Prospectus, together with the Letter of Transmittal, is being sent to all registered Holders commencing on or about the date of this Prospectus.

The Trust shall be deemed to have accepted validly tendered Depositary Shares (or defectively tendered Depositary Shares with respect to which the Trust has waived such defect) when, as and if the Trust 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 Depositary Shares from, and remitting Preferred Securities to, tendering Holders who are participating in the Offer. Upon the terms and subject to the conditions of the Offer, delivery of Preferred Securities to tendering Holders will be made as promptly as practicable following the Expiration Date.

If any tendered Depositary Shares are 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 Depositary Shares will be returned, without expense, to the tendering Holder thereof (or in the case of Depositary Shares tendered by book-entry transfer into the Exchange Agent's account at a Depository Institution, such Depositary Shares will be credited to an account maintained at the Depository Institution designated by the participant therein who so delivered such Depositary Shares), as promptly as practicable after the Expiration Date or the withdrawal or termination of the Offer.

Holders of Depositary Shares will not have any appraisal or dissenters' rights under the Delaware General Corporation Law in connection with the Offer. The Trust intends to conduct the Offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the Commission thereunder.

Holders who tender Depositary Shares in the 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 Depositary Shares pursuant to the Offer. See "Fees and Expenses; Transfer Taxes."

Holders tendering Depositary Shares held in global form shall receive Preferred Securities in global form and holders tendering Depositary Shares held directly in certificated form shall receive Preferred Securities in certificated form, in each case unless otherwise specified in the Letter of Transmittal. See "-- Procedures for Tendering."

#### CONDITIONS TO THE OFFER

Notwithstanding any other provisions of the Offer, or any extension of the Offer, the Trust will not be required to deliver Preferred Securities in respect of any properly tendered Depositary Shares and may terminate the Offer by oral or written notice to the Exchange Agent and the holders of Depositary Shares, or, at its option, may modify or otherwise amend the Offer (other than with respect to the Minimum Distribution Condition) with respect to such Depositary Shares if any of the following conditions are not satisfied at or prior to the Expiration Date in the case of clause (a) below or if any of the events specified in clauses (b) through (d) occurs at or prior to the exchange date for the Depositary Shares:

(a) tenders by a sufficient number of holders of Depositary Shares to satisfy the Minimum Distribution Condition;

(b) any action has been taken or threatened, or any statute, rule, regulation, judgment, order, stay, decree or injunction has been promulgated, enacted, entered, enforced or deemed applicable to the Offer, by or before any court or governmental regulatory or administrative agency or authority or tribunal, domestic or foreign, which (i) challenges the making of the Offer, or might directly or indirectly prohibit, prevent, restrict or delay consummation of the Offer, or otherwise and adversely affect in any material manner the Offer or (ii) could materially adversely affect the business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects of UAL and its subsidiaries, taken as a whole or materially impair the contemplated benefits of the Offer to UAL;

(c) any event has occurred or is likely to occur affecting the business or financial affairs of UAL that would or might prohibit, prevent, restrict or delay consummation of the Offer or that will, or is reasonably likely to, materially impair the contemplated benefits of the Offer or might be material to holders of Depositary Shares in deciding whether to accept the Offer; and

(d) any of the following events shall have occurred (i) any general suspension of or limitation on trading in securities on the NYSE or in the over-the-counter market (whether or not mandatory), (ii) any significant adverse change in the price of the Depositary Shares or in the United States securities or financial markets, (iii) a material impairment in the trading market for debt or equity securities, (iv) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the United States (whether or not mandatory), (v) a commencement of a war, armed hostilities or other national or international crisis directly or indirectly relating to the United States, (vi) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in the United States, or (vii) any significant adverse change in United States securities or financial markets generally or in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof.

The foregoing conditions are for the sole benefit of the Trust and UAL and, except for the Minimum Distribution Condition, may be waived by the Trust and UAL, in whole or in part, in their sole discretion. Any determination made by UAL or the Trust concerning an event, development or circumstance described or referred to above will be final and binding on all parties.

#### EXPIRATION DATE; EXTENSIONS; AMENDMENTS; TERMINATION

The Offer will expire on the Expiration Date. The Trust expressly reserves the right, in its sole discretion, subject to applicable law, to (i) terminate the Offer, and not accept for exchange any Depositary Shares and promptly return all Depositary Shares upon the failure of any of the conditions specified above in "-- Conditions to the Offer," (ii) waive any condition to the Offer (other than the Minimum Distribution Condition) and accept all Depositary Shares previously tendered pursuant to the Offer, (iii) extend the Expiration Date of the Offer and retain all Depositary Shares tendered pursuant to the Offer until the Expiration Date, subject, however, to all withdrawal rights of holders, see "-- Withdrawal of Tenders," (iv) amend the terms of the Offer, (v) modify the form of the consideration to be paid pursuant to the Offer, or (vi) not accept for exchange Depositary Shares at any time on or prior to the Expiration Date, for any reason, including, without limitation, if fewer than 100,000 Depositary Shares would remain outstanding upon acceptance of those tendered (which condition may be waived by the Trust). Any amendment applicable to the Offer will apply to all Depositary Shares tendered pursuant to the Offer. During any extension of the Offer, all Depositary Shares previously tendered pursuant to the Offer and not withdrawn will remain subject to the Offer.

If the Trust makes a material change in the terms of the Offer, the Trust will extend the Offer. The minimum period for which the Offer will be extended following a material change, other than a change in the amount of Depositary Shares sought for exchange or an increase or decrease in the consideration offered to Holders of Depositary Shares, will depend upon the facts and circumstances, including the relative materiality of the change. With respect to a decrease in the number of Depositary Shares sought in the Offer or an increase or decrease in the consideration offered to Holders of Depositary Shares, if required, the Offer will remain open for a minimum of ten Business Days following public announcement of such change. In the case of any amendment, withdrawal or termination of the Offer, a public announcement will be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date of the Offer subject to such extension. If the Trust withdraws or terminates the Offer, it will give immediate notice to the Exchange Agent, and all Depositary Shares theretofore tendered pursuant to the Offer will be returned promptly to the tendering Holders thereof. See



"-- Withdrawal of Tenders." In order to satisfy the NYSE listing requirements, acceptance of Depositary Shares validly tendered in the Offer is subject to the Minimum Distribution Condition, which condition may not be waived.

#### PROCEDURES FOR TENDERING

The tender of Depositary Shares by a Holder thereof pursuant to one of the procedures set forth below will constitute an agreement between such Holder and the Trust in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal and the Trust's right to terminate or withdraw the Offer at any time for any reason.

EACH HOLDER OF DEPOSITARY SHARES WISHING TO PARTICIPATE IN THE OFFER MUST (i) PROPERLY COMPLETE AND SIGN THE LETTER OF TRANSMITTAL IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED HEREIN AND IN THE LETTER OF TRANSMITTAL (EXCEPT WHEN AN AGENT'S MESSAGE IS APPROPRIATE AND UTILIZED), TOGETHER WITH ANY REQUIRED SIGNATURE GUARANTEES, AND DELIVER THE SAME TO THE EXCHANGE AGENT, AT ONE OF ITS ADDRESSES SET FORTH ON THE BACK COVER PAGE HEREOF PRIOR TO THE EXPIRATION DATE AND EITHER (a) CERTIFICATES FOR THE DEPOSITARY SHARES MUST BE RECEIVED BY THE EXCHANGE AGENT AT SUCH ADDRESS OR (b) SUCH DEPOSITARY SHARES 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, DEPOSITARY SHARES AND ANY OTHER REQUIRED DOCUMENTS SHOULD BE SENT ONLY TO THE EXCHANGE AGENT, NOT TO THE TRUST, UAL, THE DEALER MANAGERS OR THE INFORMATION AGENT.

Special Procedure for Beneficial Owners. Any beneficial owner whose Depositary Shares are 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 the Letter of Transmittal and delivering its Depositary Shares, either make appropriate arrangements to register ownership of the Depositary Shares 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 DEPOSITARY SHARES AND ALL OTHER DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDER. IF SENT BY MAIL, IT IS RECOMMENDED THAT (1) REGISTERED MAIL, RETURN RECEIPT REQUESTED, BE USED, (2) INSURANCE BE OBTAINED, AND (3) THE MAILING BE MADE SUFFICIENTLY IN ADVANCE OF THE EXPIRATION DATE TO PERMIT DELIVERY TO THE EXCHANGE AGENT ON OR BEFORE THE EXPIRATION DATE.

Signature Guarantees. If tendered Depositary Shares are registered in the name of the signer of the Letter of Transmittal and the Preferred Securities to be issued in exchange therefor are to be issued (and any untendered Depositary Shares are to be reissued) in the name of the registered Holder, the signature of such signer need not be guaranteed. If the tendered Depositary Shares are registered in the name of someone other than the signer of the Letter of Transmittal, or if Preferred Securities issued in exchange therefor are to be issued in the name of any person other than the signer of the Letter of Transmittal, such tendered Depositary Shares must be endorsed or accompanied by written instruments of transfer in form satisfactory to the Trust 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 Stock Exchange Medallion Program (any of the foregoing hereinafter referred to as an "Eligible Institution"). If the Preferred Securities and/or the Depositary Shares are not exchanged or are to be delivered to an address other than that of the registered Holder appearing on the register for the Depositary Shares, the signature in the Letter of Transmittal must be guaranteed by an Eligible Institution.

Book-Entry Transfer. The Trust understands that the Exchange Agent will make a request promptly after the date of this Prospectus to establish accounts with respect to the Depository Shares at a Depository Institution for the purpose of facilitating the Offer, and subject to the establishment thereof, any financial institution that is a participant in a Depository Institution's system may make book-entry delivery of Depository Shares by causing the Depository Institution to transfer such Depository Shares into the Exchange Agent's account with respect to the Depository Shares in accordance with such Depository Institution's Automated Tender Offer Program ("ATOP") procedures for such book-entry transfers. However, the exchange for the Depository Shares so tendered will only be made after timely confirmation (a "Book-Entry Confirmation") of such Book-Entry Transfer of Depository Shares 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 paragraph) and any other documents required by the Letter of Transmittal.

The term "Agent's Message" means a message, transmitted by a Depository Institution and received by the Exchange Agent and forming a part of a Book-Entry Confirmation, which states that such Depository Institution has received an express acknowledgment from a participant tendering Depository Shares 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 Trust may enforce such agreement against such participant.

Guaranteed Delivery. If a Holder desires to participate in the Offer and time will not permit a Letter of Transmittal or Depository Shares 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 one of its addresses on the back cover page hereof prior to the Expiration Date, a letter, telegram or facsimile transmission from an Eligible Institution setting forth the name and address of the tendering Holder, the name(s) in which the Depository Shares are registered and, if the Depository Shares are held in certificated form, the certificate numbers of the Depository Shares to be tendered, and stating that the tender is being made thereby and guaranteeing that within three NYSE trading days after the date of execution of such letter, telegram or facsimile transmission by the Eligible Institution, the Depository Shares in proper form for transfer together with a properly completed and duly executed Letter of Transmittal (and any other required documents), or, in the case of a Depository Institution, an Agent's Message, will be delivered by such Eligible Institution. Unless the Depository Shares being tendered by the above-described method are 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, in the case of a Depository Institution, in accordance with such Depository Institution's ATOP procedures (along with a Letter of Transmittal or an Agent's Message) is received, the Trust may, at its option, reject the tender. In addition to the copy being transmitted herewith, 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 Depository Shares will be determined by the Trust, whose determination will be final and binding. The Trust 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 Trust's counsel, be unlawful. The Trust also reserves the absolute right to waive any defect or irregularity in the tender of any Depository Shares, and the Trust's interpretation of the terms and conditions of the Offer (including the instructions in the Letter of Transmittal) will be final and binding. None of the Trust, the Exchange Agent, the Dealer Managers, 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 Depository Shares involving any irregularities will not be deemed to have been made until such irregularities have been cured or waived. Depository Shares received by the Exchange Agent that are 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 Depository Shares tendered by book-entry transfer into the Exchange Agent's account at a Depository Institution, such Depository Shares will be credited to an account maintained at the

Depository Institution designated by the participant therein who so delivered such Depository Shares), 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 Offer.

#### LETTER OF TRANSMITTAL

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

The party tendering Depository Shares for exchange (the "Transferor") exchanges, assigns and transfers the Depository Shares to the Trust, and irrevocably constitutes and appoints the Exchange Agent as the Transferor's agent and attorney-in-fact to cause the Depository Shares 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 Depository Shares and the underlying Series B Preferred and to acquire Preferred Securities issuable upon the exchange of such tendered Depository Shares and that, when such Transferor's Depository Shares are accepted for exchange, the Trust will acquire good and unencumbered title to such tendered Depository Shares and the underlying Series B Preferred, 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 Trust to be necessary or desirable to complete the exchange, assignment and transfer of tendered Depository Shares or transfer ownership of such Depository Shares on the account books maintained by the Depository Institution. 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 Depository Shares pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless accepted for exchange by the Trust, 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 one of its addresses set forth on the back cover page hereof. 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 Depository Shares to be withdrawn, (ii) if the Depository Shares are held in certificated form, the certificate numbers of the Depository Shares to be withdrawn, (iii) that such Holder is withdrawing his election to have such Depository Shares exchanged and (iv) the name of the registered Holder of such Depository Shares, 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 Trust that the person withdrawing the tender has succeeded to the beneficial ownership of the Depository Shares being withdrawn. The Exchange Agent will return the properly withdrawn Depository Shares promptly following receipt of notice of withdrawal. If Depository Shares have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at a Depository Institution to be credited with the withdrawn Depository Shares and otherwise comply with such Depository Institution procedures. All questions as to the validity of notice of withdrawal, including time of receipt, will be determined by the Trust, and such determination will be final and binding on all parties. Withdrawals of tenders of Depository Shares may not be rescinded and any Depository Shares withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Properly withdrawn Depository Shares, however, may be retendered by following the procedures therefor described elsewhere herein at any time prior to the Expiration Date. See "-- Procedures for Tendering."

## ACCEPTANCE OF SHARES

Upon the terms and subject to the conditions of the Offer, including the Minimum Distribution Condition, the Trust will accept for exchange any and all Depositary Shares that have been validly tendered and not withdrawn prior to the Expiration Date.

The Trust expressly reserves the right, in its sole discretion, to delay acceptance for exchange of Depositary Shares tendered under the Offer and the delivery of the Preferred Securities with respect to the Depositary Shares accepted for exchange (subject to Rules 13e-4 and 14e-1 under the Exchange Act, which require that the Company consummate the Offer or return the Depositary Shares deposited by or on behalf of the Holders thereof promptly after the termination or withdrawal of the Offer), or to amend, withdraw or terminate the Offer, at any time prior to the Expiration Date for any of the reasons set forth in "The OfferE--EConditions to the Offer" and "--EExpiration Date; Extensions; Amendments; Termination."

If the Trust decides, in its sole discretion, to decrease the number of Depositary Shares sought in the Offer or to increase or decrease the consideration offered to Holders of Depositary Shares, and if the Offer is scheduled to expire less than ten Business Days from and including the date that notice of such increase or decrease is first published, sent or given in the manner specified in "-- Expiration Date; Extensions; Amendments; Termination," then the Offer will be extended for a minimum of ten Business Days from and including the date of such notice.

All Depositary Shares not accepted pursuant to the Offer will be returned to the tendering Holders at the Trust's expense as promptly as practicable following the Expiration Date.

## EXCHANGE AGENT AND INFORMATION AGENT

The Bank of New York has been appointed as Exchange Agent for the Offer.

THE EXCHANGE AGENT IS:

THE BANK OF NEW YORK

By Hand or Overnight Courier:

The Bank of New York  
Reorganization Section  
101 Barclay Street  
(7 East)  
New York, New York 10286

Attn:

By Mail: (registered or certified  
mail recommended)

The Bank of New York  
Reorganization Section  
101 Barclay Street  
(7 East)  
New York, New York 10286

Attn:

By Facsimile:  
(For Eligible Institutions Only)  
(212) 571-3080

Confirm Receipt of Notice of Guaranteed Delivery by Telephone:  
(212) 815-2742

Attn:

Georgeson & Company Inc. has been retained as the Information Agent to assist in connection with the Offer. Questions and requests for assistance regarding the Offer, requests for additional copies of this Prospectus, the Letter of Transmittal and requests for Notice of Guaranteed Delivery may be directed to the Information Agent.

THE INFORMATION AGENT IS:

GEORGESON & COMPANY INC.  
 Wall Street Plaza  
 New York, New York 10005  
 (800) 223-2064 (Toll-Free)  
 (212) 440-9800 (Call Collect)

UAL 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; SOLICITING DEALERS

Merrill Lynch & Co. and Smith Barney Inc., as Dealer Managers, have agreed to solicit exchanges of Depositary Shares for Preferred Securities. The maximum fee payable to the Dealer Managers is approximately \$940,000 plus any amount that the Dealer Managers may be entitled to pursuant to the next paragraph. UAL will also reimburse the Dealer Managers for certain reasonable out-of-pocket expenses in connection with the Offer and will indemnify the Dealer Managers against certain liabilities, including liabilities under the Securities Act. In certain circumstances relating to the number of Depositary Shares tendered, the Dealer Managers will reimburse UAL for certain fees and expenses. The Dealer Managers engage in transactions with, and from time to time have performed services for, UAL, including acting as underwriters for the issuance of the Depositary Shares.

UAL will pay to a Soliciting Dealer a solicitation fee of \$0.50 per Depositary Share (\$0.25 per Depositary Share with respect to the solicitation of beneficial holders of 10,000 or more shares) validly tendered and accepted for exchange pursuant to the Offer. As used in this Prospectus, "Soliciting Dealer" includes (i) any broker or dealer in securities, including a Dealer Manager in its capacity as a broker or dealer, who is a member of any national securities exchange or of the National Association of Securities Dealers, Inc. (the "NASD"), (ii) any foreign broker or dealer not eligible for membership in the NASD who agrees to conform to the NASD's Rules of Fair Practice in soliciting tenders outside the United States to the same extent as though it were an NASD member, or (iii) any bank or trust company, any one of whom has solicited and obtained a tender pursuant to the Offer. No solicitation fee shall be payable to a Soliciting Dealer with respect to the tender of depositary receipts evidencing Depositary Shares by a Holder unless the Letter of Transmittal accompanying such tender designates such Soliciting Dealer as such in the box captioned "Solicited Tenders."

If tendered Depositary Shares are being delivered by book-entry transfer made to an account maintained by the Exchange Agent with Depositary Institutions, the Soliciting Dealer must return a Notice of Solicited Tenders (included in the materials provided to brokers and dealers) to the Exchange Agent within three trading days after the Expiration Date in order to receive a solicitation fee. No solicitation fee shall be payable to a Soliciting Dealer in respect of Depositary Shares (i) beneficially owned by such Soliciting Dealer or (ii) registered in the name of such Soliciting Dealer unless such Depositary Shares are held by such Soliciting Dealer as nominee and such Depositary Shares are being tendered for the benefit of one or more beneficial owners identified on the Letter of Transmittal or the Notice of Solicited Tenders. No solicitation fee shall be payable to the Soliciting Dealer with respect to the tender of Depositary Shares by the Holder of record, for the benefit of the beneficial owner, unless the beneficial owner has designated such Soliciting Dealer.

No solicitation fee shall be payable to a Soliciting Dealer if such Soliciting Dealer is required for any reason to transfer any portion of such fee to a tendering Holder (other than itself). No broker, dealer, bank, trust company

or fiduciary shall be deemed to be the agent of UAL, the Trust, the trustees, the Exchange Agent, the Information Agent or the Dealer Managers for purposes of the Offer.

Other than as described above, UAL will not pay any solicitation fees to any broker, dealer, bank, trust company or other person for any Depositary Shares exchanged in connection with the Offer. UAL will reimburse such persons for customary handling and mailing expenses incurred in connection with the Offer.

Additional solicitations may be made by telephone, in person or otherwise by officers and regular employees of UAL and its affiliates. No additional compensation will be paid to any such officers and employees who engage in soliciting tenders.

#### LISTING AND TRADING OF PREFERRED SECURITIES AND DEPOSITARY SHARES

The Preferred Securities constitute a new issue of securities with no established trading market. While application has been made to list the Preferred Securities on the NYSE, there can be no assurance that an active market for the Preferred Securities will develop or be sustained in the future on such exchange. Although the Dealer Managers have indicated to the Trust that they intend to make a market in the Preferred Securities following the Expiration Date as permitted by applicable laws and regulations prior to the commencement of trading on the NYSE, 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 Preferred Securities. In order to satisfy the NYSE listing requirements, acceptance of Depositary Shares validly tendered in the Offer is subject to the Minimum Distribution Condition, which condition may not be waived.

To the extent that a certain number of shares of Depositary Shares are tendered and accepted in the Offer and/or the number of holders of Depositary Shares is reduced to below certain levels, UAL, pursuant to NYSE rules and regulations, would be required to delist the Depositary Shares from the NYSE, and the trading market for untendered Depositary Shares could be adversely affected. UAL does not believe that the Offer has a reasonable likelihood of causing the Depositary Shares to be delisted from the NYSE. In addition, if the Offer is substantially subscribed, there would be a significant risk that round lot holdings of Depositary Shares outstanding following the Offer would be limited. See "Risk Factors and Special Considerations Relating to the Offer -- Lack of Established Trading Market for Preferred Securities" and "-- Reduced Trading Market for Depositary Shares."

#### TRANSACTIONS AND ARRANGEMENTS CONCERNING THE OFFER

Except as described herein, there are no contracts, arrangements, understandings or relationships in connection with the Offer between UAL or any of its directors or executive officers, the Trust or the Trustees and any person with respect to any securities of UAL or the Trust, including the Junior Subordinated Debentures, the Series B Preferred, the Depositary Shares and the Preferred Securities.

#### FEES AND EXPENSES; TRANSFER TAXES

The expenses of soliciting tenders of the Depositary Shares will be borne by UAL. For compensation to be paid to the Dealer Managers and Soliciting Dealers, see "The Offer -- Dealer Managers; Soliciting Dealers." The total cash expenditures to be incurred in connection with the Offer, other than fees payable to the Dealer Managers and Soliciting Dealers, 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, the Institutional Trustee, the Delaware Trustee and the Indenture Trustee, are estimated to be approximately \$500,000

UAL will pay all transfer taxes, if any, applicable to the exchange of Depositary Shares pursuant to the Offer. If, however, certificates representing Preferred Securities or Depositary Shares not tendered or accepted for exchange, are to be delivered to, or are to be issued in the name of, any person other than the registered Holder of the Depositary Shares tendered or if a transfer tax is imposed for any reason other than the exchange of Depositary Shares pursuant to the Offer, then the amount of any such transfer taxes (whether imposed on the registered Holder or any other persons) will be payable by the tendering Holder. 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.

#### PRICE RANGE OF DEPOSITARY SHARES

The Depositary Shares are listed and principally traded on the NYSE. The following table sets forth, for each period shown, the high and low sales prices of the Depositary Shares as reported on the NYSE Composite Tape. For recent closing prices of the Depositary Shares, see the cover page of this Prospectus.

	High	Low
YEAR ENDED DECEMBER 31, 1994		
3rd Quarter.....	\$ 26.75	\$25.00
4th Quarter.....	26.75	25.38
YEAR ENDING DECEMBER 31, 1995		
1st Quarter.....	29.00	26.63
2nd Quarter.....	30.75	28.25
3rd Quarter.....	31.38	30.00
4th Quarter.....	33.13	29.88
YEAR ENDING DECEMBER 31, 1996		
1st Quarter.....	33.38	31.88
2nd Quarter.....	35.00	31.88
3rd Quarter.....	34.00	32.88
4th Quarter (through October 15).....	34.13	33.25

#### DESCRIPTION OF THE PREFERRED SECURITIES

The Preferred Securities will be issued pursuant to the terms of the Declaration which will be qualified under the Trust Indenture Act. The First National Bank of Chicago as the Institutional Trustee, but not the other Trustees of the Trust, will act as the indenture trustee for purposes of the Trust Indenture Act. The terms of the Preferred Securities and the Declaration include those stated in the Declaration and those made part of the Declaration by the Trust Indenture Act. The description of the Preferred Securities and the Declaration set forth below summarizes the material terms thereof and is subject to, and qualified in its entirety by reference to, the Declaration, which has been filed as an exhibit to the Registration Statement of which this Prospectus forms a part, the Business Trust Act and the Trust Indenture Act.

#### GENERAL

The Declaration authorizes the Trust to issue the Preferred Securities, which represent preferred undivided beneficial interests in the assets of the Trust, and the Common Securities, which represent common undivided beneficial interests in the assets of the Trust. All of the Common Securities will be owned, directly or indirectly, by UAL. The Common Securities and the Preferred Securities will have equivalent terms except that (i) if an Event of Default under the Declaration occurs and is continuing, the rights of the holders of the Common Securities to

payment in respect of periodic distributions and payments upon liquidation, redemption or otherwise are subordinated to the rights of the holders of the Preferred Securities and (ii) holders of Common Securities have the exclusive right (subject to the terms of the Declaration) to appoint, remove or replace Trustees and to increase or decrease the number of Trustees. The Declaration does not permit the issuance by the Trust of any securities or other evidences of beneficial ownership of, or beneficial interests in, the Trust other than the Preferred Securities and the Common Securities, the incurrence of any indebtedness for borrowed money by the Trust or the making of any investment other than in the Junior Subordinated Debentures. The payment of distributions out of moneys held by the Trust and payments on redemption of the Preferred Securities or liquidation of the Trust are guaranteed by UAL on a subordinated basis as and to the extent described under "Description of the Preferred Securities Guarantee." The Institutional Trustee will hold the Preferred Securities Guarantee for the benefit of holders of the Preferred Securities. The Preferred Securities Guarantee covers distributions and other payments on the Preferred Securities only if and to the extent that UAL has made a payment to the Institutional Trustee of interest or principal on the Junior Subordinated Debentures deposited in the Trust as trust assets. The Preferred Securities Guarantee, when taken together with UAL's obligations under the Junior Subordinated Debentures and the Indenture and its obligations under the Declaration, including its obligation to pay costs, expenses and certain liabilities of the Trust, constitutes a full and unconditional guarantee of amounts due on the Preferred Securities.

#### DISTRIBUTIONS

Distributions on the Preferred Securities will be fixed at a rate per annum of \_\_\_\_% of the stated liquidation amount of \$25 per Preferred Security. Distributions in arrears will bear interest thereon at the rate per annum of \_\_\_\_%, compounded quarterly to the extent permitted by applicable law. The term "distributions" as used herein includes any such cash distributions and any such interest payable unless otherwise stated. The amount of distributions payable for any period will be computed on the basis of a 360-day year of twelve 30-day months and for any period shorter than a full quarterly period for which distributions are computed, the amount of the distribution payable will be computed on the basis of the actual number of days elapsed in such a 30-day month.

Distributions on the Preferred Securities will be cumulative, will accrue from the Accrual Date and, except as otherwise described below, will be payable quarterly in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1996, but only if, and to the extent that, interest payments are made in respect of Junior Subordinated Debentures held by the Trust. In addition, holders of Preferred Securities will be entitled to an additional cash distribution at the rate of 12 1/4% per annum of the liquidation amount thereof from November 1, 1996 through the Expiration Date in lieu of dividends accumulating after November 1, 1996 on their Depository Shares accepted for exchange, such additional distribution to be made on December 31, 1996 to holders of the Preferred Securities on the record date for such distribution.

So long as UAL shall not be in default in the payment of interest on the Junior Subordinated Debentures, UAL has the right under the Indenture to defer payments of interest on the Junior Subordinated Debentures by extending the interest payment period from time to time on the Junior Subordinated Debentures for a period not exceeding 20 consecutive quarterly interest periods and, as a consequence, quarterly distributions on the Preferred Securities would not be made (but would continue to accrue with interest thereon at the rate of \_\_\_\_% per annum, compounded quarterly to the extent permitted by applicable law) by the Trust during any such Extension Period. If UAL exercises the right to extend an interest payment period, UAL may not, during any such Extension Period, declare or pay dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Junior Subordinated Debentures or make any guarantee payments with respect thereto. Any Extension Period with respect to payment of interest on the Junior Subordinated Debentures will also apply to distributions with respect to the Preferred Securities and all other securities with similar terms. Prior to the termination of any such Extension Period, UAL may further extend such Extension Period; provided that such Extension Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarterly interest periods. Upon the termination of any Extension Period and the payment of all amounts then due, UAL may commence a new



Extension Period, subject to the above requirements. Consequently, there could be multiple Extension Periods of varying lengths (up to six Extension Periods of 20 consecutive quarterly interest periods each or more numerous shorter Extension Periods) throughout the term of the Junior Subordinated Debentures, provided that no Extension Period may extend beyond the maturity of the Junior Subordinated Debentures. See "Risk Factors and Special Considerations Relating to the Offer -- UAL May Defer Interest Payments on Junior Subordinated Debentures," "Description of the Junior Subordinated Debentures -- Interest" and "-- Option to Extend Interest Payment Period." Payments of accrued distributions will be payable to holders of Preferred Securities as they appear on the books and records of the Trust on the first record date after the end of an Extension Period. UAL may also pay on any Interest Payment Date all or any portion of the interest accrued during an Extension Period.

Distributions on the Preferred Securities must be paid on the dates payable to the extent that the Institutional Trustee has cash on hand to permit such payment. The funds available for distribution to the holders of the Preferred Securities will be limited to payments received by the Trust in respect of the Junior Subordinated Debentures that are deposited in the Trust as trust assets. See "Description of the Junior Subordinated Debentures." If UAL does not make interest payments on the Junior Subordinated Debentures, the Trust will not make distributions on the Preferred Securities. Under the Declaration, if and to the extent UAL does make interest payments on the Junior Subordinated Debentures deposited in the Trust as trust assets, the Trust is obligated to make distributions on the Trust Securities on a Pro Rata Basis. The payment of distributions on the Preferred Securities is guaranteed by UAL on a subordinated basis as and to the extent set forth under "Description of the Preferred Securities Guarantee." The Preferred Securities Guarantee covers distributions and other payments on the Preferred Securities only if and to the extent that UAL has made a payment to the Trust of interest or principal on the Junior Subordinated Debentures deposited in the Trust as trust assets. The liquidation amount of each Common Security is \$25 per share.

Distributions on the Preferred Securities will be made to the holders thereof as they appear on the books and records of the Trust on the relevant record dates, which will be 15 days prior to the relevant distribution dates. The Declaration provides that the payment dates or record dates for the Preferred Securities shall be the same as the payment dates and record dates for the Junior Subordinated Debentures. Distributions payable on any Preferred Securities that are not punctually paid on any distribution date as a result of UAL having failed to make the corresponding interest payment on the Junior Subordinated Debentures will forthwith cease to be payable to the person in whose name such Preferred Security is registered on the relevant record date, and such defaulted distribution will instead be payable to the person in whose name such Preferred Security is registered on the special record date established by the Regular Trustees, which record date shall correspond to the special record date or other specified date determined in accordance with the Indenture; provided, however, that distributions shall not be considered payable on any distribution payment date falling within an Extension Period unless UAL has elected to make a full or partial payment of interest accrued on the Junior Subordinated Debentures on such distribution payment date. Distributions on the Preferred Securities will be paid by the Trust. All distributions paid with respect to the Trust Securities shall be paid on a Pro Rata Basis to the holders thereof entitled thereto. If any date on which distributions are to be made on the Preferred Securities is not a Business Day, then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

#### SPECIAL EVENT REDEMPTION OR DISTRIBUTION

If, at any time, a Tax Event or an Investment Company Event (each as hereinafter defined, and each a "Special Event") shall occur and be continuing, the Trust shall, unless the Junior Subordinated Debentures are redeemed in the limited circumstances described below, be dissolved with the result that, after satisfaction of creditors of the Trust, Junior Subordinated Debentures with an aggregate principal amount equal to the aggregate stated liquidation amount of the Preferred Securities and the Common Securities would be distributed on a Pro Rata Basis to the holders of the Preferred Securities and the Common Securities in liquidation of such holders' interests

in the Trust, within 90 days following the occurrence of such Special Event; provided, however, that in the case of the occurrence of a Tax Event, as a condition of such dissolution and distribution, the Regular Trustees shall have received an opinion (a "No Recognition Opinion") of nationally recognized independent tax counsel experienced in such matters which opinion may rely on any then applicable published revenue rulings of the Internal Revenue Service, to the effect that the holders of the Preferred Securities will not recognize any gain or loss for United States federal income tax purposes as a result of such dissolution and distribution of Junior Subordinated Debentures; and, provided, further, that, if at the time there is available to the Trust the opportunity to eliminate, within such 90-day period, the Special Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure, which has no adverse effect on the Trust or UAL or the holders of the Preferred Securities, the Trust will pursue such measure in lieu of dissolution. Furthermore, if in the case of the occurrence of a Tax Event, (i) the Regular Trustees have received an opinion (a "Redemption Tax Opinion") of nationally recognized independent tax counsel experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that UAL would be precluded from deducting the interest on the Junior Subordinated Debentures for United States federal income tax purposes even if the Junior Subordinated Debentures were distributed to the holders of Preferred Securities and Common Securities in liquidation of such holders' interests in the Trust as described above or (ii) the Regular Trustees shall have been informed by such tax counsel that a No Recognition Opinion cannot be delivered to the Trust, UAL shall have the right, upon not less than 10 nor more than 60 days' notice, to redeem the Junior Subordinated Debentures in whole or in part for cash within 90 days following the occurrence of such Tax Event, and promptly following such redemption Preferred Securities and Common Securities with an aggregate liquidation amount equal to the aggregate principal amount of the Junior Subordinated Debentures so redeemed will be redeemed by the Trust at the Redemption Price on a Pro Rata Basis; provided, however, that if at the time there is available to UAL or the Regular Trustees the opportunity to eliminate, within such 90-day period, the Tax Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure, which has no adverse effect on the Trust, UAL or the holders of the Preferred Securities, UAL, or the Regular Trustees on behalf of the Trust, will pursue such measure in lieu of redemption and provided further that UAL shall have no right to redeem the Junior Subordinated Debentures while the Regular Trustees on behalf of the Trust are pursuing any such ministerial action. The Common Securities will be redeemed on a Pro Rata Basis with the Preferred Securities, except that if an Event of Default under the Declaration has occurred and is continuing, the Preferred Securities will have a priority over the Common Securities with respect to payment of the Redemption Price.

"Tax Event" means that the Regular Trustees shall have obtained an opinion (a "Dissolution Tax Opinion") of nationally recognized independent tax counsel experienced in such matters to the effect that on or after the Expiration Date as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any amendment to, or change in, an interpretation or application of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), (c) any interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the theretofore generally accepted position or (d) any action taken by any governmental agency or regulatory authority, which amendment or change is enacted, promulgated, issued or announced or which interpretation or pronouncement is issued or announced or which action is taken, in each case on or after the Expiration Date, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date thereof, subject to United States federal income tax with respect to income accrued or received on the Junior Subordinated Debentures, (ii) the Trust is, or will be within 90 days of the date thereof, subject to more than a de minimis amount of other taxes, duties or other governmental charges or (iii) interest payable by UAL to the Trust on the Junior Subordinated Debentures is not, or within 90 days of the date thereof will not be, deductible by UAL for United States federal income tax purposes.

"Investment Company Event" means that the Regular Trustees shall have received an opinion of nationally recognized independent counsel experienced in practice under the Investment Company Act of 1940, as amended (the "1940 Act"), that as a result of the occurrence of a change in law or regulation or a change in interpretation

or application of law or regulation by any legislative body, court, governmental agency or regulatory authority or by the staff of any such governmental agency or regulatory authority (a "Change in 1940 Act Law"), there is more than an insubstantial risk that the Trust is or will be considered an "investment company" which is required to be registered under the 1940 Act, which Change in 1940 Act Law becomes effective on or after the Expiration Date.

On the date fixed for any distribution of Junior Subordinated Debentures, upon dissolution of the Trust, (i) the Preferred Securities and the Common Securities will no longer be deemed to be outstanding and (ii) certificates representing Trust Securities will be deemed to represent beneficial interests in the Junior Subordinated Debentures having an aggregate principal amount equal to the stated liquidation amount of, and bearing accrued and unpaid interest equal to accrued and unpaid distributions on, such Trust Securities until such certificates are presented to UAL or its agent for transfer or reissuance.

There can be no assurance as to the market price for the Junior Subordinated Debentures which may be distributed in exchange for Trust Securities if a dissolution and liquidation of the Trust were to occur. Accordingly, the Junior Subordinated Debentures which the investor may subsequently receive on dissolution and liquidation of the Trust may trade at a discount to the price of the Trust Securities exchanged. If the Junior Subordinated Debentures are distributed to the holders of Trust Securities upon the dissolution of the Trust, UAL will use its best efforts to list the Junior Subordinated Debentures on the NYSE or on such other exchange on which the Preferred Securities are then listed.

#### MANDATORY REDEMPTION

Upon the repayment of the Junior Subordinated Debentures, in whole or in part, whether at maturity, upon redemption or otherwise, the proceeds from such repayment or payment will be promptly applied to redeem Preferred Securities and Common Securities having an aggregate liquidation amount equal to the Junior Subordinated Debentures so repaid, upon not less than 10 nor more than 60 days' notice, at the Redemption Price. The Common Securities will be entitled to be redeemed on a Pro Rata Basis with the Preferred Securities, except that if an Event of Default under the Declaration has occurred and is continuing, the Preferred Securities will have a priority over the Common Securities with respect to payment of the Redemption Price. Subject to the foregoing, if fewer than all outstanding Preferred Securities and Common Securities are to be redeemed, the Preferred Securities and Common Securities will be redeemed on a Pro Rata Basis. In the event fewer than all outstanding Preferred Securities are to be redeemed, Preferred Securities registered in the name of and held by a Depository Institution or its nominee will be redeemed pro rata as described under "-- Book-Entry; Delivery and Form" below.

#### REDEMPTION PROCEDURES

The Trust may not redeem fewer than all the outstanding Preferred Securities unless all accrued and unpaid distributions have been paid on all Preferred Securities for all quarterly distribution periods terminating on or prior to the date of redemption.

If the Trust gives a notice of redemption in respect of Preferred Securities (which notice will be irrevocable), then immediately prior to the close of business on the redemption date, provided that UAL has paid to the Trust a sufficient amount of cash in connection with the related redemption or maturity of the Junior Subordinated Debentures, distributions will cease to accrue on the Preferred Securities called for redemption, such Preferred Securities shall no longer be deemed to be outstanding and all rights of holders of such Preferred Securities so called for redemption will cease, except the right of the holders of such Preferred Securities to receive the Redemption Price, but without interest on such Redemption Price. Neither the Trustees nor the Trust shall be required to register or cause to be registered the transfer of any Preferred Securities which have been so called for redemption. If any date fixed for redemption of Preferred Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next

calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If UAL fails to repay Junior Subordinated Debentures on maturity or on the date fixed for a redemption or if payment of the Redemption Price in respect of Preferred Securities is improperly withheld or refused and not paid by the Trust or by UAL pursuant to the Preferred Securities Guarantee described under "Description of the Preferred Securities Guarantee," distributions on such Preferred Securities will continue to accrue from the original redemption date of the Preferred Securities to the date of payment in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Redemption Price.

The Trust shall not be required to (i) issue, register the transfer of or exchange of any Trust Securities during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Trust Securities and ending at the close of business on the day of the mailing of the relevant notice of redemption and (ii) register the transfer of or exchange of any Trust Securities so selected for redemption, in whole or in part, except the unredeemed portion of any Trust Securities being redeemed in part.

If a partial redemption of the Preferred Securities would result in the delisting of the Preferred Securities by any national securities exchange or other organization on which the Preferred Securities are then listed, UAL pursuant to the Indenture will only redeem the Junior Subordinated Debentures in whole and, as a result, the Trust may only redeem the Preferred Securities in whole.

Subject to the foregoing and applicable law (including, without limitation, United States federal securities laws), UAL or any of its subsidiaries may at any time and from time to time purchase outstanding Preferred Securities by tender, in the open market or by private agreement.

#### LIQUIDATION DISTRIBUTION UPON DISSOLUTION

In the event of any voluntary or involuntary dissolution, winding-up or termination of the Trust, the holders of the Preferred Securities and Common Securities at the date of dissolution, winding-up or termination of the Trust will be entitled to receive on a Pro Rata Basis solely out of the assets of the Trust, after satisfaction of liabilities of creditors (to the extent not satisfied by UAL as provided in the Declaration), an amount equal to the aggregate of the stated liquidation amount of \$25 per Trust Security plus accrued and unpaid distributions thereon to the date of payment (such amount being the "Liquidation Distribution"), unless, in connection with such dissolution, winding-up or termination, Junior Subordinated Debentures in an aggregate principal amount equal to the aggregate stated liquidation amount of such Trust Securities, and bearing accrued and unpaid interest in an amount equal to the accrued and unpaid distributions on such Trust Securities, shall be distributed on a Pro Rata Basis to the holders of the Preferred Securities and Common Securities in exchange therefor.

If, upon any such dissolution, the Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Liquidation Distribution, then the amounts payable directly by the Trust on the Preferred Securities and the Common Securities shall be paid on a Pro Rata Basis.

The holders of the Common Securities will be entitled to receive distributions upon any such dissolution on a Pro Rata Basis with the holders of the Preferred Securities, except that if an Event of Default under the Declaration has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to payment of the Liquidation Distribution.

Pursuant to the Declaration, the Trust shall terminate: (i) on December 31, 2026, (ii) when all of the Trust Securities shall have been called for redemption and the amounts necessary for redemption thereof shall have been paid to the holders of Trust Securities in accordance with the terms of the Trust Securities, (iii) when all of the Junior Subordinated Debentures shall have been distributed to the holders of Trust Securities in exchange for all of the Trust Securities in accordance with the terms of the Trust Securities, (iv) upon the bankruptcy of UAL or the

Trust, (v) upon the filing of a certificate of dissolution or the equivalent with respect to UAL, the filing of a certificate of cancellation with respect to the Trust after having obtained the consent of at least a majority in liquidation amount of the Trust Securities, voting together as a single class, to file such certificate of cancellation, or the revocation of the charter of UAL and the expiration of 90 days after the date of revocation without a reinstatement thereof, or (vi) upon the entry of a decree of judicial dissolution of UAL or the Trust.

#### NO MERGER, CONSOLIDATION OR AMALGAMATION OF THE TRUST

The Trust may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets to, any corporation or other entity.

#### DECLARATION EVENTS OF DEFAULT

An Indenture Event of Default will constitute an Event of Default under the Declaration; provided that pursuant to the Declaration, the holder of the Common Securities will be deemed to have waived any such Event of Default with respect to the Common Securities until all Events of Default with respect to the Preferred Securities have been cured or waived. Until all such Events of Default with respect to the Preferred Securities have been cured or waived, the Institutional Trustee will be deemed to be acting solely on behalf of the holders of the Preferred Securities, and only the holders of the Preferred Securities will have the right to direct the Institutional Trustee with respect to certain matters under the Declaration and consequently under the Indenture. In the event that any Event of Default with respect to the Preferred Securities is waived by the holders of the Preferred Securities as provided in the Declaration, the holders of Common Securities pursuant to the Declaration have agreed that such waiver also constitutes a waiver of such Event of Default with respect to the Common Securities for all purposes under the Declaration without any further act, vote or consent of the holders of the Common Securities. See "-- Voting Rights."

Upon the occurrence of an Event of Default, the Institutional Trustee or the holders of at least 25% in aggregate principal amount of the Junior Subordinated Debentures will have the right under the Indenture to declare the principal of and interest on the Junior Subordinated Debentures to be immediately due and payable. In addition, the Institutional Trustee will have the power to exercise all rights, powers and privileges under the Indenture. If an Event of Default is attributable to the failure of UAL to pay interest or principal on the Junior Subordinated Debentures on the date such interest or principal is otherwise payable (or in the case of redemption, the redemption date), then a holder of Preferred Securities may also directly institute a proceeding for enforcement of payment to such holder of the principal of or interest on the Junior Subordinated Debentures having a principal amount equal to the aggregate liquidation amount of the Preferred Securities of such holder without first (i) directing the Institutional Trustee to enforce the terms of the Junior Subordinated Debentures or (ii) instituting a legal proceeding against UAL to enforce the Institutional Trustee's rights under the Junior Subordinated Debentures. In connection with such direct action, UAL shall be subrogated to the rights of such holder of Preferred Securities under the Declaration to the extent of any payment made by UAL to such holder in such direct action. See "Description of the Junior Subordinated Debentures."

#### VOTING RIGHTS

Except as provided below, under "-- Modification and Amendment of the Declaration" and "Description of the Preferred Securities Guarantee -- Amendments and Assignment" and as otherwise required by the Business Trust Act, the Trust Indenture Act and the Declaration, the holders of the Preferred Securities will have no voting rights.

Subject to the requirements of the second to last sentence of this paragraph, the holders of a majority in aggregate liquidation amount of the Preferred Securities have the right (i) on behalf of all holders of Preferred Securities, to waive any past default that is waivable under the Declaration and (ii) to direct the time, method and

place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee under the Declaration; provided, however, that the holders of the Preferred Securities will vote as a single class (the "Capital Trust Voting Class") with any holders of any other preferred undivided beneficial interests of a UAL Corporation Capital Trust, such as the Preferred Securities, similarly situated with respect to debt securities issued pursuant to the Indenture (including the Junior Subordinated Debentures) with respect to the right to direct an Institutional Trustee, to (x) direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on the Indenture Trustee with respect to debt securities issued pursuant to the Indenture (including the Junior Subordinated Debentures), (y) waive any past default and its consequences that is waivable under Section 5.13 of the Indenture with respect to debt securities issued pursuant to the Indenture (including the Junior Subordinated Debentures) or (z) exercise any right to rescind or annul a declaration that the principal of all debt securities issued pursuant to the Indenture (including the Junior Subordinated Debentures) shall be due and payable; provided that where a consent under the Indenture would require the consent of (1) holders of debt securities issued pursuant to the Indenture (including Junior Subordinated Debentures) representing a specified percentage greater than a majority in principal amount of such securities or (2) each holder of such securities affected thereby, no such consent shall be given by any Trustee without the prior consent of, in the case of clause (1) above, holders of securities in the Capital Trust Voting Class representing such specified percentage or, in the case of clause (2) above, each holder of securities in the Capital Trust Voting Class affected thereby. The Institutional Trustee shall not revoke or take any action inconsistent with any action previously authorized or approved by a vote of the holders of Preferred Securities. The Institutional Trustee shall notify all holders of record of Preferred Securities of any notice of default received from the Indenture Trustee with respect to the Junior Subordinated Debentures. Other than with respect to directing the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee or the Indenture Trustee as set forth above, the Institutional Trustee shall be under no obligation to take any of the foregoing actions at the direction of the holders of the Preferred Securities unless the Institutional Trustee shall have obtained an opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States federal income tax purposes following such action. If the Institutional Trustee fails to enforce its rights under the Declaration (including, without limitation, its rights, powers and privileges as a holder of the Junior Subordinated Debentures under the Indenture), any holder of Preferred Securities may, upon such holder's written request to the Institutional Trustee to enforce such rights, institute a legal proceeding directly against UAL to enforce the Institutional Trustee's rights under the Declaration, without first instituting a legal proceeding against the Institutional Trustee or any other Person; provided that any holder may institute a direct action without prior request to the Institutional Trustee to enforce UAL's payment obligations on the Junior Subordinated Debentures.

A waiver of an Indenture Event of Default by the Institutional Trustee at the direction of holders of the Preferred Securities will constitute a waiver of the corresponding Event of Default under the Declaration in respect of the Trust Securities.

In the event the consent of the Trust as the holder of the Junior Subordinated Debentures is required under the Indenture with respect to any amendment, modification or termination of the Indenture or the Junior Subordinated Debentures, the Institutional Trustee shall request the direction of the holders of the Trust Securities with respect to such amendment, modification or termination and shall vote with respect to such amendment, modification or termination as directed by a majority in liquidation amount of the Trust Securities voting together in the Capital Trust Voting Class, provided, however, that where any such amendment, modification or termination of the Indenture would require the consent of (i) holders of debt securities issued pursuant to the Indenture representing a specified percentage greater than a majority in principal amount of such securities or (ii) each holder of such debt securities, the Trustee may only give such consent at the direction of the holders of securities in the Capital Trust Voting Class representing such specified percentage in the case of clause (i) above, or each holder of securities in the Capital Trust Voting Class affected thereby, in the case of clause (ii) above; and, provided, further, that the Institutional Trustee shall be under no obligation to take any such action in accordance with the

directions of the holders of the Trust Securities unless the Institutional Trustee has obtained an opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States federal income tax purposes following such action.

Any required approval or direction of holders of Preferred Securities may be given at a separate meeting of holders of Preferred Securities convened for such purpose, at a meeting of all of the holders of Trust Securities or pursuant to written consent. The Regular Trustees will cause a notice of any meeting at which holders of Preferred Securities are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be mailed to each holder of record of Preferred Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any resolution proposed for adoption at such meeting on which such holders are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

No vote or consent of the holders of Preferred Securities will be required for the Trust to redeem and cancel Preferred Securities or distribute Junior Subordinated Debentures in accordance with the Declaration.

Notwithstanding that holders of Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Preferred Securities at such time that are owned by UAL or by any entity directly or indirectly controlling or controlled by or under direct or indirect common control with UAL shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if they were not outstanding.

The procedures by which persons owning Preferred Securities registered in the name of and held by a Depository Institution or its nominee may exercise their voting rights are described under "-- Book-Entry; Delivery and Form" below.

Holders of the Preferred Securities will have no rights to increase or decrease the number of Trustees or to appoint, remove or replace a Trustee, which rights are vested exclusively in the holders of the Common Securities.

#### MODIFICATION AND AMENDMENT OF THE DECLARATION

The Declaration may be modified and amended on approval of a majority of the Regular Trustees, provided that, if any proposed modification or amendment provides for, or the Regular Trustees otherwise propose to effect, (i) any action that would adversely affect the powers, preferences or special rights of the Trust Securities, whether by way of amendment to the Declaration or otherwise, or (ii) the dissolution, winding-up or termination of the Trust other than pursuant to the terms of the Declaration, then the holders of the outstanding Trust Securities as a class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of at least a majority in liquidation amount of the Trust Securities, provided that if any amendment or proposal referred to in clause (i) above would adversely affect only the Preferred Securities or the Common Securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of a majority in liquidation amount of such class of Trust Securities.

Notwithstanding the foregoing, (i) no amendment or modification may be made to the Declaration if such amendment or modification would cause the Trust to be classified for United States federal income tax purposes as other than a grantor trust or would cause the Trust to be deemed an "investment company" which is required to be registered under the 1940 Act, (ii) certain specified provisions of the Declaration may not be amended without the consent of all of the holders of the Trust Securities, (iii) no amendment which adversely affects the rights, powers

and privileges of the Institutional Trustee shall be made without the consent of the Institutional Trustee, (iv) Article IV of the Declaration relating to the obligation of UAL to purchase the Common Securities and to pay certain obligations and expenses of the Trust as described under "UAL Corporation Capital Trust I" may not be amended without the consent of UAL, and (v) the rights of holders of Common Securities under Article V of the Declaration to increase or decrease the number of, and to appoint, replace or remove, Trustees shall not be amended without the consent of each holder of Common Securities.

The Declaration further provides that it may be amended without the consent of the holders of the Trust Securities to (i) cure any ambiguity, (ii) correct or supplement any provision in this Declaration that may be defective or inconsistent with any other provision of this Declaration, (iii) add to the covenants, restrictions or obligations of UAL, (iv) preserve the status of the Trust as a grantor trust for federal income tax purposes, and (v) to conform to changes in, or a change in interpretation or application of, certain 1940 Act requirements by the Commission, which amendment does not adversely affect the rights, preferences or privileges of the holders of Trust Securities.

#### BOOK-ENTRY; DELIVERY AND FORM

Preferred Securities will be issued in fully registered form. Investors may elect to hold their Preferred Securities directly or, subject to the rules and procedures of a Depository Institution described below, hold interests in a global certificate (the "Preferred Securities Global Certificate") registered in the name of a Depository Institution or its nominee. However, tendering holders of Depository Shares held in global form shall initially receive an interest in the Preferred Securities Global Certificate and tendering holders of Depository Shares held directly in certificated form shall initially receive Preferred Securities in certificated form, in each case unless otherwise specified in the Letter of Transmittal. See "The Offer -- Procedures for Tendering."

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a global Preferred Security.

A Depository Institution holds securities that its participants ("Participants") deposit with the Depository Institution. A Depository Institution also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations ("Direct Participants"). A Depository Institution is owned by a number of its Direct Participants and by the NYSE, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the Depository Institution's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to a Depository Institution and its Participants are on file with the Commission.

Upon issuance of a Preferred Securities Global Certificate, the Depository Institution will credit on its book-entry registration and transfer system the number of Preferred Securities represented by such Preferred Securities Global Certificate to the accounts of institutions that have accounts with the Depository Institution. Ownership of beneficial interests in a Preferred Securities Global Certificate will be limited to Participants or persons that may hold interests through Participants. The ownership interest of each actual purchaser of each Preferred Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from the Depository Institution of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners



purchased Preferred Securities. Transfers of ownership interests in the Preferred Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners.

A Depository Institution has no knowledge of the actual Beneficial Owners of the Preferred Securities; a Depository Institution's records reflect only the identity of the Direct Participants to whose accounts such Preferred Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. So long as a Depository Institution, or its nominee, is the owner of a Preferred Securities Global Certificate, a Depository Institution or such nominee, as the case may be, will be considered the sole owner and holder of record of the Preferred Securities represented by such Preferred Securities Global Certificate for all purposes.

Conveyance of notices and other communications by a Depository Institution to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to the Depository Institution. If less than all of the Preferred Securities are being redeemed, the Depository Institution will reduce pro rata (subject to adjustment to eliminate fractional Preferred Securities) the amount of interest of each Direct Participant in the Preferred Securities to be redeemed.

Although voting with respect to the Preferred Securities is limited, in those instances in which a vote is required, the Depository Institution will not consent or vote with respect to Preferred Securities. Under its usual procedures, the Depository Institution would mail an Omnibus Proxy to the Trust as soon as possible after the record date. The Omnibus Proxy assigns the Depository Institution's consenting or voting rights to those Direct Participants to whose accounts the Preferred Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Distribution payments on the Preferred Securities represented by a Preferred Series Global Certificate will be made by the Trust to the Depository Institution. The Depository Institution's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on a Depository Institution's records unless the Depository Institution has reason to believe that it will not receive payments on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices and will be the responsibility of such Participants and not of a Depository Institution, the Trust or UAL, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions to a Depository Institution is the responsibility of the Trust, disbursement of such payments to Direct Participants is the responsibility of the Depository Institution, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

A Depository Institution may discontinue providing its services as securities depository with respect to the Preferred Securities at any time by giving reasonable notice to the Trust. Under such circumstances, if a successor securities depository is not obtained, Preferred Security certificates will be required to be printed and delivered. Additionally, the Trust may decide to discontinue use of the system of book-entry transfers through the Depository Institution (or a successor depository). In that event, certificates for the Preferred Securities will be printed and delivered.

The information in this section concerning the Depository Institution and the Depository Institution's book-entry system has been obtained from sources that the Trust and UAL believe to be reliable, but the Trust and UAL take no responsibility for the accuracy thereof.

## REGISTRAR, TRANSFER AGENT AND PAYING AGENT

The First National Bank of Chicago or one of its affiliates will act as registrar and transfer agent for the Preferred Securities. The First National Bank of Chicago will also act as paying agent and, with the consent of the Regular Trustees, may designate additional paying agents.

Registration of transfers of Preferred Securities will be effected without charge by or on behalf of the Trust, but upon payment (with the giving of such indemnity as the Trust or UAL may require) in respect of any tax or other governmental charges that may be imposed in relation to it.

The Trust will not be required to register or cause to be registered the transfer of Preferred Securities after such Preferred Securities have been called for redemption.

## INFORMATION CONCERNING THE INSTITUTIONAL TRUSTEE

The Institutional Trustee, prior to a default with respect to the Trust Securities, undertakes to perform only such duties as are specifically set forth in the Declaration and, after default, shall exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Subject to such provision, the Institutional Trustee is under no obligation to exercise any of the powers vested in it by the Declaration at the request of any holder of Preferred Securities, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby. The Institutional Trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if the Institutional Trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it.

UAL and certain of its affiliates maintain deposit accounts and banking relationships with the Institutional Trustee.

## GOVERNING LAW

The Declaration and the Preferred Securities will be governed by, and construed in accordance with, the laws of the State of Delaware.

## MISCELLANEOUS

Application will be made to list the Preferred Securities on the NYSE. The Regular Trustees are authorized and directed to take such action as they deem reasonable in order that the Trust will not be deemed to be an "investment company" required to be registered under the 1940 Act or that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership and will be treated as a grantor trust for United States federal income tax purposes. In this connection, the Regular Trustees are authorized to take any action, not inconsistent with applicable law, the certificate of trust or the Declaration, that the Regular Trustees determine in their discretion to be reasonable and necessary or desirable for such purposes, as long as such action does not adversely affect the interests of holders of the Trust Securities.

UAL and the Regular Trustees on behalf of the Trust will be required to provide to the Institutional Trustee annually a certificate as to whether or not UAL and the Trust, respectively, are in compliance with all the conditions and covenants under the Declaration.

## DESCRIPTION OF THE PREFERRED SECURITIES GUARANTEE

Set forth below is a summary of information concerning the Preferred Securities Guarantee that will be executed and delivered by UAL for the benefit of the holders from time to time of Preferred Securities. The Preferred Securities Guarantee is separately qualified under the Trust Indenture Act and will be held by The First National Bank of Chicago acting in its capacity as indenture trustee with respect thereto, for the benefit of the holders of the Preferred Securities. The terms of the Preferred Securities Guarantee include those stated in such Guarantee and those made part of the Preferred Securities Guarantee by the Trust Indenture Act. The summary set forth below does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Preferred Securities Guarantee, which is filed as an exhibit to the Registration Statement of which this Prospectus forms a part, and the Trust Indenture Act.

## GENERAL

Pursuant to the Preferred Securities Guarantee, UAL will agree, to the extent set forth therein, to pay in full to the holders of the Preferred Securities, the Guarantee Payments (as defined below) (without duplication of amounts theretofore paid by the Trust), to the extent not paid by the Trust, regardless of any defense, right of set-off or counterclaim that the Trust may have or assert. The following payments or distributions with respect to the Preferred Securities to the extent not paid or made by the Trust (the "Guarantee Payments") will be subject to the Guarantee (without duplication): (i) any accrued and unpaid distributions on the Preferred Securities and the redemption price, including all accrued and unpaid distributions to the date of the redemption, with respect to the Preferred Securities called for redemption by the Trust but only if and to the extent that in each case UAL has made a payment to the Institutional Trustee of interest or principal on the Junior Subordinated Debentures and (ii) upon a voluntary or involuntary dissolution, winding-up or termination of the Trust (other than in connection with the distribution of Junior Subordinated Debentures to holders of Trust Securities or the redemption of all of the Preferred Securities upon the maturity or redemption of the Junior Subordinated Debentures) the lesser of (a) the aggregate of the liquidation amount and all accrued and unpaid distributions on the Preferred Securities to the date of payment, to the extent the Trust has funds available therefor, and (b) the amount of assets of the Trust remaining available for distribution to holders of Preferred Securities in liquidation of the Trust. UAL's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by UAL to the holders of Preferred Securities or by paying the required amount to the Trust and causing the Trust to pay such amounts to such holders. The Preferred Securities Guarantee, when taken together with UAL's obligations under the Junior Subordinated Debentures and the Indenture and its obligations under the Declaration, including its obligation to pay costs, expenses and certain liabilities of the Trust, constitutes a full and unconditional guarantee of amounts due on the Preferred Securities.

## CERTAIN COVENANTS OF UAL

In the Preferred Securities Guarantee, UAL will covenant that, so long as any Preferred Securities remain outstanding, UAL will not declare or pay any dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Junior Subordinated Debentures or make any guarantee payment with respect thereto if at such time (i) UAL shall be in default with respect to its Guarantee Payments or other payment obligations under the Preferred Securities Guarantee, (ii) there shall have occurred and be continuing any event of default under the Indenture or (iii) UAL shall have given notice of its selection of an Extension Period as provided in the Indenture and such period, or any extension thereof, is continuing. In addition, so long as any Preferred Securities remain outstanding, UAL has agreed (i) to remain the sole direct or indirect owner of all of the outstanding Common Securities and shall not cause or permit the Common Securities to be transferred except to the extent permitted by the Declaration; provided that any permitted successor of UAL under the Indenture may succeed to UAL's ownership of the Common Securities and (ii) will not take any action which will cause the Trust

to cease to be treated as a grantor trust for United States federal income tax purposes except in connection with a distribution of Junior Subordinated Debentures.

#### AMENDMENTS AND ASSIGNMENT

Except with respect to any changes that do not adversely affect the rights of holders of Preferred Securities (in which case no consent will be required), the Preferred Securities Guarantee may be amended only with the prior approval of the holders of not less than a majority in liquidation amount of the outstanding Preferred Securities. The manner of obtaining any such approval of holders of the Preferred Securities will be as set forth under "Description of the Preferred Securities -- Voting Rights." All guarantees and agreements contained in the Preferred Securities Guarantee shall bind the successors, assigns, receivers, trustees and representatives of UAL and shall inure to the benefit of the holders of the Preferred Securities then outstanding. Except in connection with a consolidation, merger or sale involving UAL that is permitted under the Indenture, UAL may not assign its obligations under the Preferred Securities Guarantee.

#### TERMINATION OF THE PREFERRED SECURITIES GUARANTEE

The Preferred Securities Guarantee will terminate and be of no further force and effect as to the Preferred Securities upon full payment of the Redemption Price of all Preferred Securities, or upon distribution of the Junior Subordinated Debentures to the holders of Preferred Securities in exchange for all of the Preferred Securities, or upon full payment of the amounts payable upon liquidation of the Trust. Notwithstanding the foregoing, the Preferred Securities Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of Preferred Securities must restore payment of any sums paid with respect to the Preferred Securities or the Preferred Securities Guarantee.

#### STATUS OF THE PREFERRED SECURITIES GUARANTEE

UAL's obligations under the Preferred Securities Guarantee to make the Guarantee Payments will constitute an unsecured obligation of UAL and will rank (i) subordinate and junior in right of payment to all other liabilities of UAL, except obligations and securities made pari passu or subordinate by their terms, and (ii) senior to all capital stock now or hereafter issued by UAL, including the Depositary Shares, and to any guarantee now or hereafter entered into by UAL in respect of any of its capital stock. The Declaration provides that each holder of Preferred Securities by acceptance thereof agrees to the subordination provisions and other terms of the Preferred Securities Guarantee.

The Preferred Securities Guarantee will constitute a guarantee of payment and not of collection, thus, any holder of Preferred Securities may institute a legal proceeding directly against UAL to enforce such holder's rights under the Preferred Securities Guarantee, without first instituting a legal proceeding against the Trust or any other person or entity. The Preferred Securities Guarantee will be deposited with the Institutional Trustee, as Guarantee Trustee, to be held in trust for the benefit of the holders of the Preferred Securities. The Institutional Trustee shall enforce the Preferred Securities Guarantee on behalf of the holders of the Preferred Securities although any holder of a Preferred Security may bring a direct action against UAL to enforce the Guarantee without prior notice to the Institutional Trustee. The holders of not less than a majority in aggregate liquidation amount of the Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available in respect of the Preferred Securities Guarantee, including the giving of directions to the Institutional Trustee.

UAL and certain of its affiliates maintain deposit accounts and banking relationships with the Institutional Trustee.

## GOVERNING LAW

The Preferred Securities Guarantee will be governed by and construed in accordance with the laws of the State of New York.

## DESCRIPTION OF THE JUNIOR SUBORDINATED DEBENTURES

Set forth below is a description of the Junior Subordinated Debentures which will be deposited in the Trust as trust assets. The terms of the Junior Subordinated Debentures include those stated in the Indenture dated as of \_\_\_\_\_, 1996, as supplemented by the officer's certificate pursuant to board resolutions setting forth certain terms of the Junior Subordinated Debentures (as so supplemented, the "Indenture") between UAL and The First National Bank of Chicago, as trustee (the "Indenture Trustee"), the form of which has been filed as an exhibit to the Registration Statement of which this Prospectus forms a part, and those made part of the Indenture by the Trust Indenture Act. The following description does not purport to be complete and is qualified in its entirety by reference to the Indenture and the Trust Indenture Act. Whenever particular provisions or defined terms in the Indenture are referred to herein, such provisions or defined terms are incorporated by reference herein.

The Indenture provides for the issuance of debentures, notes (including the Junior Subordinated Debentures) or other evidences of indebtedness by UAL in an unlimited amount from time to time. The Junior Subordinated Debentures constitute a separate series under the Indenture.

Under certain circumstances involving the dissolution of the Trust following the occurrence of a Special Event, Junior Subordinated Debentures may be distributed to the holders of the Trust Securities in liquidation of the Trust. See "Description of the Preferred Securities -- Special Event Redemption or Distribution."

## GENERAL

The Junior Subordinated Debentures are unsecured, subordinated obligations of UAL, limited in aggregate principal amount to (i) the aggregate liquidation preference of the Preferred Securities issued by the Trust in the Offer and (ii) the proceeds received by the Trust upon issuance of the Common Securities to UAL (which proceeds will be used to purchase an equal principal amount of Junior Subordinated Debentures).

The Junior Subordinated Debentures mature on December 31, 2026. The Junior Subordinated Debentures are not subject to any sinking fund.

If Junior Subordinated Debentures are distributed to holders of Trust Securities in dissolution of the Trust, such Junior Subordinated Debentures will be so issued in fully registered certificated form in denominations of \$25 and integral multiples thereof and may be transferred or exchanged at the offices described below.

Payments of principal and interest on Junior Subordinated Debentures will be payable, the transfer of the Junior Subordinated Debentures will be registrable, and Junior Subordinated Debentures will be exchangeable for Junior Subordinated Debentures of other denominations of a like aggregate principal amount, at the corporate trust office of the Indenture Trustee in The City of New York; provided that payments of interest may be made at the option of UAL by check mailed to the address of the persons entitled thereto and that the payment of principal with respect to any Junior Subordinated Debenture will be made only upon surrender of such Junior Subordinated Debenture to the Indenture Trustee.

If the Junior Subordinated Debentures are distributed to the holders of Trust Securities upon the dissolution of the Trust, UAL will use its best efforts to list the Junior Subordinated Debentures on the NYSE or on such other exchange on which the Preferred Securities are then listed.

The Indenture contains no provisions which would afford the holders of Junior Subordinated Debentures protection in the event of a highly leveraged transaction involving UAL or a change of control of UAL.

#### OPTIONAL REDEMPTION

Except as provided below, the Junior Subordinated Debentures may not be redeemed prior to July 12, 2004. UAL shall have the right to redeem the Junior Subordinated Debentures, in whole or in part, from time to time, on or after July 12, 2004, upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount to be redeemed, plus any accrued and unpaid interest, to the redemption date, including interest accrued during an Extension Period. UAL will also have the right to redeem the Junior Subordinated Debentures at any time upon the occurrence of a Tax Event if certain conditions are met as described under "Description of the Preferred Securities -- Special Event Redemption or Distribution."

If UAL gives a notice of redemption in respect of Junior Subordinated Debentures (which notice will be irrevocable) then, on or before the redemption date, UAL will deposit irrevocably with the Indenture Trustee funds sufficient to pay the applicable redemption price and will give irrevocable instructions and authority to pay such redemption price to the holders of the Junior Subordinated Debentures. If notice of redemption shall have been given and funds deposited as required, then upon the date of such deposit, interest will cease to accrue on the Junior Subordinated Debentures called for redemption, such Junior Subordinated Debentures will no longer be deemed to be outstanding and all rights of holders of such Junior Subordinated Debentures so called for redemption will cease, except the right of the holders of such Junior Subordinated Debentures to receive the applicable redemption price, but without interest on such redemption price. If any date fixed for redemption of Junior Subordinated Debentures is not a Business Day, then payment of the redemption price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the redemption price in respect of Junior Subordinated Debentures is improperly withheld or refused and not paid by UAL, interest on such Junior Subordinated Debentures will continue to accrue compounded quarterly, from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable redemption price. If fewer than all of the Junior Subordinated Debentures are to be redeemed, the Junior Subordinated Debentures to be redeemed shall be selected by lot or pro rata or in some other equitable manner determined by the Indenture Trustee.

UAL shall not be required to (i) issue, register the transfer of or exchange of any Junior Subordinated Debentures during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Junior Subordinated Debentures and ending at the close of business on the day of the mailing of the relevant notice of redemption and (ii) register the transfer of or exchange of any Junior Subordinated Debentures so selected for redemption, in whole or in part, except the unredeemed portion of any Junior Subordinated Debentures being redeemed in part.

#### PROPOSED TAX LEGISLATION

Certain tax law changes have been proposed that may, if enacted, deny corporate issuers a deduction for interest in respect of certain debt obligations, such as the Junior Subordinated Debentures. See "Taxation -- Proposed Tax Legislation."

The Junior Subordinated Debentures will bear interest at an annual rate of \_\_\_% from the Accrual Date. In addition, holders of the Junior Subordinated Debentures will be entitled to Pre-Issuance Accrued Distribution at the rate of 12 1/4% per annum of the principal amount thereof from November 1, 1996 through the Expiration Date, payable on December 31, 1996 to holders of the Preferred Securities on the record date for such distributions. Interest will be payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year (each, an "Interest Payment Date"), commencing on December 31, 1996 to the person in whose name such Junior Subordinated Debenture is registered, subject to certain exceptions, at the close of business on the fifteenth day next preceding such Interest Payment Date. Interest payable on any Junior Subordinated 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 Junior Subordinated Debenture is registered on the relevant record date, and such defaulted interest will instead be payable to the person in whose name such Junior Subordinated 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 UAL on any Interest Payment Date falling within an Extension Period unless UAL has elected to make a full or partial payment of interest accrued on the Junior Subordinated Debentures on such Interest Payment Date.

The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months and for any period shorter than a full quarterly period for which interest is computed, the amount of interest payable will be computed on the basis of the actual number of days elapsed in such a 30-day month. If any Interest Payment Date is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

#### OPTION TO EXTEND INTEREST PAYMENT PERIOD

So long as UAL shall not be in default in the payment of interest on the Junior Subordinated Debentures, UAL shall have the right to extend the interest payment period from time to time for a period not exceeding 20 consecutive quarterly interest periods. UAL has no current intention of exercising its right to extend an interest payment period. No extension of interest will be permitted with respect to interest accruing from November 1, 1996 through the Expiration Date. No interest shall be due and payable during an Extension Period. During any Extension Period, UAL shall not declare or pay any dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Junior Subordinated Debentures or make any guarantee payments with respect thereto. Any Extension Period with respect to payment of interest on the Junior Subordinated Debentures will also apply to distributions with respect to the Preferred Securities and all other securities with similar terms. Prior to the termination of any such Extension Period, UAL may further extend the interest payment period; provided that such Extension Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarterly interest periods. On the next Interest Payment Date occurring after the end of each Extension Period, UAL shall pay to the holders of Junior Subordinated Debentures 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 Junior Subordinated Debentures, together with interest thereon at the rate specified for the Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all amounts then due, UAL may commence a new Extension Period, subject to the above requirements. UAL may also pay on any Interest Payment Date during an Extension Period all or any portion of the interest accrued during an Extension Period. Consequently, there could be multiple Extension Periods of varying lengths (up to six Extension Periods of 20 consecutive quarterly interest periods each or more numerous shorter Extension Periods) throughout the term of the Junior Subordinated Debentures provided that no Extension Period may extend beyond the maturity of the

Junior Subordinated Debentures. The failure by UAL to make interest payments during an Extension Period would not constitute a default or an event of default under the Indenture or UAL's currently outstanding indebtedness.

If the Trust shall be the sole holder of the Junior Subordinated Debentures, UAL shall give the Institutional Trustee and the Indenture Trustee notice of its selection of such Extension Period ten Business Days prior to the earlier of (i) the date the distributions on the Preferred Securities are payable or (ii) the date the Trust is required to give notice to the NYSE or other applicable self-regulatory organization or to holders of the Preferred Securities of the record date or the date such distribution is payable, but in any event not less than one Business Day prior to such record date. The Trust shall give notice of UAL's selection of such Extension Period to the holders of the Preferred Securities.

If Junior Subordinated Debentures have been distributed to holders of Trust Securities, UAL shall give the holders of the Junior Subordinated Debentures and the Indenture Trustee notice of its selection of such Extension Period ten Business Days prior to the earlier of (i) the next succeeding Interest Payment Date or (ii) the date UAL is required to give notice to the NYSE (if the Junior Subordinated Debentures are then listed thereon) or other applicable self-regulatory organization or to holders of the Junior Subordinated Debentures of the record or payment date of such related interest payment.

#### CERTAIN COVENANTS OF UAL APPLICABLE TO THE JUNIOR SUBORDINATED DEBENTURES

In the Indenture, UAL will covenant that, so long as any Preferred Securities remain outstanding, UAL will not declare or pay any dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Junior Subordinated Debentures or make any guarantee payment with respect thereto if at such time (i) UAL shall be in default with respect to its Guarantee Payments or other payment obligations under the Preferred Securities Guarantee, (ii) there shall have occurred any Indenture Event of Default with respect to the Junior Subordinated Debentures or (iii) UAL shall have given notice of its selection of an Extension Period as provided in the Indenture and such period, or any extension thereof, is continuing. In addition, so long as the Preferred Securities remain outstanding, UAL has agreed (i) not to cause or permit the Common Securities to be transferred except to the extent permitted by the Declaration; provided that any permitted successor of UAL under the Indenture may succeed to UAL's ownership of the Common Securities, (ii) to comply fully with all of its obligations and agreements contained in the Declaration and (iii) not to take any action which would cause the Trust to cease to be treated as a grantor trust for United States federal income tax purposes except in connection with a distribution of Junior Subordinated Debentures.

#### SUBORDINATION

The payment of the principal of, and premium, if any, and interest on the Junior Subordinated 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). Upon the maturity of any Senior Indebtedness of UAL 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, if any, on the Junior Subordinated Debentures or to redeem, retire, purchase, deposit moneys for the defeasance of or acquire any of the Junior Subordinated Debentures. Upon the happening of (i) any default in payment of any Senior Indebtedness of UAL or (ii) any other default on Senior Indebtedness of UAL and the maturity of such Senior Indebtedness is accelerated in accordance with its terms, then, unless (w) such default relates to Senior Indebtedness of UAL 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 Junior Subordinated Debentures from funds previously deposited in accordance with the Indenture at any time such deposit was not



prohibited by this Indenture), shall be made or agreed to be made by the UAL on account of the principal of, premium, if any, or interest, if any, on the Junior Subordinated Debentures, or in respect of any redemption, retirement, purchase, deposit of moneys for the defeasance or other acquisition of any of the Junior Subordinated Debentures in the case of such a default in Senior Indebtedness of UAL, UAL shall not deposit money for any such payment or distribution with the Trustee or any paying agent nor shall UAL (if UAL is acting as its own paying agent) segregate and hold in trust money for any such payment or distribution. Upon the happening of an event of default (other than under circumstances set forth above) with respect to any Senior Indebtedness of UAL 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 UAL and the Trustee by the trustee for or other representative of the holders of at least \$25 million of Senior Indebtedness of UAL (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 Junior Subordinated Debentures from funds previously deposited in accordance with the Indenture at any time such deposit was not prohibited by this Indenture), shall be made or agreed to be made by UAL on account of the principal of or premium, if any, or interest, if any, on the Junior Subordinated Debentures, or in respect of any redemption, retirement, purchase, deposit of moneys for the defeasance or other acquisition of any of the Junior Subordinated Debentures, and UAL shall not deposit money for any such payment or distribution with the Trustee or any paying agent nor shall UAL or a Subsidiary (if UAL 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 provision 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 these provisions shall be returned to the Company. Upon any payment or distribution of assets of UAL of any kind or character, whether in cash, property or securities (other than securities of UAL 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 Junior Subordinated 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 UAL, 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 Junior Subordinated 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 Junior Subordinated Debentures (for principal or interest) or of the Indenture.

The term "Senior Indebtedness" means, with respect to UAL, all Indebtedness of UAL (other than indentedness issued pursuant to the Indenture, including the Junior Subordinated Debentures), 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 Junior Subordinated Debentures, and, in particular, the securities issued pursuant to the Indenture, including the Junior Subordinated Debentures, shall rank *pari passu* with all other debt securities and guarantees in respect of those debt securities issued to any other UAL Corporation Capital Trust or any indentedness of the Company to a Subsidiary.

"Indebtedness" of UAL 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) indentedness for money borrowed, (ii) Indebtedness Guarantees

of UAL for indebtedness for money borrowed by any other person, (iii) indebtedness evidenced by notes, debentures, bonds or other instruments of indebtedness for payment of which UAL 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 UAL under Capital Leases and Flight Equipment leases (the amount of UAL's obligation under such Flight Equipment leases to be computed in accordance with Statement of Financial Accounting Standards No. E13 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) Ecommitment 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.

"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).

"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.

"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.

By reason of the subordination described herein, in the event of the distribution of assets upon insolvency, creditors of UAL who are not holders of Senior Indebtedness or of the Junior Subordinated Debentures may recover less, ratably, than holders of Senior Indebtedness, and may recover more, ratably, than holders of the Junior Subordinated Debentures.

Because UAL is a holding company that conducts business through its subsidiaries, the Junior Subordinated Debentures are effectively subordinated to all existing and future obligations of UAL's subsidiaries, including United. Any right of UAL to participate in any distribution of the assets of any of UAL's subsidiaries, including United, upon the liquidation, reorganization or insolvency of such subsidiary (and the consequent right of the holders of the Junior Subordinated 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 UAL itself as a creditor of such subsidiary may be recognized, in which case the claims of UAL 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 UAL.

The Indenture does not limit the aggregate amount of indebtedness, including Senior Indebtedness, that may be issued. As of June 30, 1996, Senior Indebtedness of UAL (on a consolidated basis) aggregated approximately \$11.9 billion. The calculation of the amount of Senior Indebtedness assumes that UAL is primarily obligated for the present value of future minimum lease payments under operating leases guaranteed by UAL but does not include other contingent obligations such as stipulated loss values or liquidated damages which may be payable under such operating leases. See "Description of the Preferred Securities Guarantee -- Status of the Preferred Securities Guarantee."

#### RESTRICTIONS ON MERGERS AND SALES OF ASSETS

The Indenture provides that UAL 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, UAL is the surviving corporation or (b) in the case of a merger or consolidation where UAL 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 UAL under the Junior Subordinated 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 UAL, such successor corporation shall succeed to and be substituted for UAL under the Indenture and under the Junior Subordinated Debentures and all obligations of UAL thereunder shall terminate.

#### EVENTS OF DEFAULT AND NOTICE THEREOF

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 Junior Subordinated Debentures then outstanding may, by written notice to UAL (and to the Trustee, if notice is given by such holders of Junior Subordinated Debentures), declare the principal of all the Junior Subordinated Debentures to be due and payable. However, at any time after a declaration of acceleration with respect to the Junior Subordinated 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 Junior Subordinated Debentures then outstanding may, under certain circumstances, rescind and annul such acceleration.

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 Junior Subordinated Debentures when due; default for sixty days after notice to UAL by the Trustee, or to UAL and the Trustee by the holders of at least 25% in aggregate principal amount of the Junior Subordinated Debentures then outstanding, in the performance of any other covenant or warranty in the Indenture; and certain events of bankruptcy, insolvency or reorganization of UAL.

The Indenture provides that the Trustee shall, within ninety days after the occurrence of a Default with respect to the Junior Subordinated Debentures, give to the holders of the Junior Subordinated Debentures notice of all uncured Defaults known to it; provided that, except in the case of default in payment on the Junior Subordinated 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. "Default" means any event which is, or after notice or passage of time or both, would be, an Event of Default.

The Indenture provides that the holders of a majority in aggregate principal amount of the Junior Subordinated 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. The right of any holder of Junior Subordinated 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 Junior Subordinated 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 Junior Subordinated Debentures then outstanding to take action, and an offer to the Trustee of satisfactory indemnification against liabilities incurred by it in so doing.

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

The holders of a majority in aggregate principal amount of the Junior Subordinated Debentures then outstanding by notice to the Trustee may waive, on behalf of the holders of all the Junior Subordinated 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 Junior Subordinated Debentures and certain other defaults.

If a bankruptcy proceeding is commenced in respect of UAL under the Federal Bankruptcy Code or if the principal amount of the Junior Subordinated Debentures is accelerated upon the occurrence of an event of default, the holders of the Junior Subordinated 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.

#### DISCHARGE, DEFEASANCE AND COVENANT DEFEASANCE

The Indenture provides with respect to the Junior Subordinated Debentures that, UAL may elect either (a) to defease and be discharged from any and all obligations with respect to the Junior Subordinated Debentures (except for the obligations to register the transfer or exchange of the Junior Subordinated Debentures, to replace temporary or mutilated, destroyed, lost or stolen Junior Subordinated Debentures, to maintain an office or agency in respect of the Junior Subordinated Debentures and to hold moneys for payment in trust) ("legal defeasance") or (b) to be released from its obligations with respect to the Junior Subordinated Debentures (except for the obligations set forth as exceptions in the preceding clause (a) and except for the obligations to pay the principal of and interest, if any, on the Junior Subordinated Debentures, to compensate and indemnify the Trustee and to appoint a successor Trustee) ("covenant defeasance"), upon the deposit with the Trustee (or other qualifying trustee), in trust for such purpose, of money or U.S. Government Obligations (as defined in the Indenture) which through the payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and any interest on the Junior Subordinated Debentures, and any mandatory sinking fund or analogous payments thereon, on the due date thereof. Such a trust may only be established, if among other things, UAL has delivered to the Trustee an opinion of counsel (as specified in the Indenture) to the effect that the holders of the Junior Subordinated Debentures will not recognize income, gain or loss for Federal income tax purposes as a result of such legal defeasance or covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same time as would have been the case if such legal defeasance or covenant defeasance had not occurred. Such opinion, in the case of legal defeasance under clause (a) above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable Federal income tax law occurring after the date of the Indenture.

#### MODIFICATION OF THE INDENTURE

The Indenture contains provisions permitting UAL and the Trustee to enter into one or more supplemental indentures without the consent of the holders of any of the Junior Subordinated Debentures in order (i) to evidence the succession of another corporation to UAL and the assumption of the covenants and obligations of UAL by such successor to UAL; (ii) to add to the covenants of UAL or surrender any right or power of UAL; (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 securities pursuant to the Indenture in bearer form or in global form; (v) to add to, change or eliminate any provisions affecting securities not yet issued pursuant to the Indenture; (vi) to secure the Junior Subordinated Debentures; (vii) to establish the form or terms of Junior Subordinated Debentures 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 Junior Subordinated Debentures 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 Junior Subordinated Debentures; or (xi) to comply with any requirement of the Commission in connection with the qualification of the Indenture under the Trust Indenture Act.

The Indenture also contains provisions permitting UAL and the Trustee, with the consent of the holders of a majority in aggregate principal amount of the Junior Subordinated 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 Security; (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 Security 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 Security; (vii) reduce the percentage in principal amount of the outstanding Junior Subordinated 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 UAL 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 Junior Subordinated Debentures.

#### CONCERNING THE INDENTURE TRUSTEE

UAL and its subsidiaries maintain ordinary banking relationships with The First National Bank of Chicago and its affiliates and a number of other banks.

#### BOOK-ENTRY AND SETTLEMENT

If any Junior Subordinated Debentures are distributed to holders of Trust Securities (see "Description of the Preferred Securities"), such Junior Subordinated Debentures will be issued in fully registered form. In such event, investors may elect to hold their Junior Subordinated Debentures directly or, subject to the rules and procedures of a Depository Institution, hold interests in a global certificate registered in the name of a Depository Institution or its nominee.

For a description of a Depository Institution and a Depository Institution's book-entry system, see "Description of the Preferred Securities -- Book-Entry; Delivery and Form." As of the date of this Prospectus, the description herein of a Depository Institution's book-entry system and Depository Institution's practices as they relate to purchases, transfers, notices and payments with respect to the Preferred Securities apply in all material respects to any Junior Subordinated Debentures registered in the name of and held by a Depository Institution or its nominee.

## DESCRIPTION OF THE SERIES B PREFERRED AND DEPOSITARY SHARES

## SERIES B PREFERRED

The summary of the terms of the Series B Preferred and the Depositary Shares set forth below does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of UAL's Certificate of Incorporation and the Certificate of Designation for the Series B Preferred and the Deposit Agreement (as defined herein). Whenever defined terms in the Deposit Agreement are referred to in this "Description of the Series B Preferred and Depositary Shares," such defined terms are incorporated by reference herein.

## General

The Series B Preferred presently consists of 16,416 shares, of which 6,266.781 are not owned by UAL. The holders of the Series B Preferred do not have any preemptive rights with respect to any shares of capital stock of UAL or any other securities of UAL convertible into or carrying rights or options to purchase any such shares. The Series B Preferred are not subject to any sinking fund or other obligation of UAL to redeem or retire the Series B Preferred.

## Ranking

The Series B Preferred ranks senior with respect to payment of dividends and amounts payable upon liquidation, dissolution or winding up to all shares of capital stock of UAL that are outstanding.

While any shares of Series B Preferred are outstanding, UAL may not authorize the creation or issue of any class or series of stock that ranks senior to the Series B Preferred 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. UAL 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 without the consent of any holder of Series B Preferred. See "--Voting Rights."

## Dividends

Holders of shares of Series B Preferred are entitled to receive, when, as and if declared by the Board of UAL out of assets of UAL legally available therefor, cumulative cash dividends at a rate per annum that has been fixed at 12 1/4% of the \$25,000 liquidation preference thereof (or \$3.0625 per Depositary Share) per annum. Dividends on the Series B Preferred 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), at such annual rate. Each such dividend is payable to holders of record as they appear on the stock records of UAL at the close of business on such record dates, which is not more than 60 days or less than 10 days preceding the payment dates corresponding thereto, as may be fixed by the Board of Directors of the Company or a duly authorized committee thereof. Dividends are cumulative from July 12, 1994, whether or not in any dividend period or periods there are assets of UAL legally available for the payment of such dividends.

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

Accumulations of dividends on shares of Series B Preferred do not bear interest. Dividends payable on the Series B Preferred for any period greater or less than a full dividend period is computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series B Preferred for each full dividend period is computed by dividing the annual dividend rate by four.

Except as provided in the next sentence, no dividend can be declared or paid or set apart for payment on any Parity Stock (as defined below) unless full cumulative dividends have been or contemporaneously are declared, paid or set apart for payment on the Series B Preferred for all prior dividend periods. If accrued dividends on the Series B Preferred for all prior dividend periods have not been paid in full or a sum sufficient for such payment has not been set apart, then any dividend declared on the Series B Preferred for any dividend period and on any Parity Stock shall be declared ratably in proportion to accrued and unpaid dividends on the Series B Preferred and such Parity Stock.

UAL cannot (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 Common Stock made for purposes of an employee incentive or benefit plan of UAL or any subsidiary), unless all accrued and unpaid dividends with respect to the Series B Preferred and any Parity Stock at the time such dividend or other distribution is 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, (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 B Preferred as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up and (iii) the term "Junior Stock" means all presently outstanding classes or series of capital stock of UAL, other than the Series B Preferred, and any other class or series of capital stock of UAL now or hereafter issued and outstanding that ranks junior as to the payment of dividends or amounts payable upon liquidation, dissolution or winding up of the Series B Preferred.

#### Optional Redemption

The Series B Preferred is not redeemable prior to July 12, 2004. On and after such date, the Series B Preferred is redeemable at the option of UAL, 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 up to the date fixed for redemption, upon giving notice as provided below.

If fewer than all of the outstanding shares of Series B Preferred are to be redeemed, the shares to be redeemed will be determined pro rata or by lot or in such other manner as is prescribed by UAL's Board.

At least 30 days but not more than 60 days prior to the date fixed for the redemption of the Series B Preferred, a written notice will be mailed to each holder of record of Series B Preferred to be redeemed, notifying such holder of UAL's election to redeem such shares, stating the date fixed for redemption thereof and calling upon such holder to surrender to UAL on the redemption date at the place designated in such notice the certificate or certificates representing the number of shares specified therein. On or after the redemption date, each holder of Series B Preferred to be redeemed must present and surrender his certificate or certificates for such shares to UAL at the place designated in such notice and thereupon the redemption price of such shares will be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate will be canceled. If fewer than all the shares represented by any such certificate are redeemed, then a new certificate will be issued representing the shares not redeemed.

From and after the redemption date (unless UAL defaults in payment of the redemption price), all dividends on the shares of Series B Preferred designated for redemption in such notice will cease to accrue, and all rights of the holders thereof as stockholders of UAL, except the right to receive the redemption price thereof (including all accrued and unpaid dividends up to the redemption date), will cease and terminate. Such shares may not thereafter be transferred (except with the consent of UAL) on UAL's books, and such shares may not be deemed to be outstanding for any purpose whatsoever. On the redemption date, the Company must pay any accrued and unpaid dividends in arrears for any dividend period ending on or prior to the redemption date. In the case of a redemption date falling after a dividend payment record date and prior to the related payment date, the holders of Series B Preferred at the close of business on such record date will be entitled to receive the dividend payable on such shares on the corresponding dividend payment date, notwithstanding the redemption of such shares following such dividend payment record date. Except as provided for in the preceding sentences, no payment or allowance will be made for accrued dividends on any shares of Series B Preferred called for redemption.

At its election, UAL, prior to the redemption date, may deposit the redemption price of the shares of Series B Preferred so called for redemption in trust for the holders thereof with a bank or trust company, in which case such notice to holders of the shares of Series B Preferred to be redeemed will (i) state the date of such deposit, (ii) specify the office of such bank or trust company as the place of payment of the redemption price and (iii) call upon such holders to surrender the certificates representing such shares at such place on or after the date fixed in such redemption notice (which may not be later than the redemption date), against payment of the redemption price (including all accrued and unpaid dividends up to the redemption date). Any moneys so deposited which remain unclaimed by the holders of Series B Preferred at the end of two years after the redemption date will be returned by such bank or trust company to UAL.

#### Liquidation Preference

The holders of shares of Series B Preferred are entitled to receive, in the event of any liquidation, dissolution or winding up of UAL, \$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, the "Liquidation Preference"), and no more.

Until the holders of the Series B Preferred 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 UAL. If, upon any liquidation, dissolution or winding up of UAL, the assets of UAL or proceeds thereof, distributable among the holders of the shares of Series B Preferred 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 and any such Parity Stock ratably in accordance with the respective amounts that would be payable on such shares of Series B Preferred and any such Parity Stock if all amounts payable thereon were paid in full. Neither a consolidation or merger of UAL with another corporation nor a sale, lease or transfer of all or substantially all of UAL's assets will be considered a liquidation, dissolution or winding up, voluntary or involuntary, of UAL.

#### Voting Rights

Except in the limited circumstances indicated below, or except as otherwise from time to time required by applicable law, the holders of shares of Series B Preferred do not have the right to vote for directors or have any other voting rights, and their consent is not required for taking any corporate action. When and if the holders of the Series B Preferred 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 have not been declared and paid or set apart for payment, whether or not consecutive, the number of directors of UAL will be increased by two and the holders of all Series B Preferred and any other series of 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 on all such serial preferred stock have been paid in full or set apart for payment at which time the term of office of such directors shall terminate.

The affirmative vote or consent of the holders of 66 2/3% of the outstanding shares of the Series B Preferred is required for any amendment of the Restated Certificate of Incorporation that alters or changes the powers, preferences, privileges or rights of the Series B Preferred so as to materially adversely affect the holders thereof. The affirmative vote or consent of the holders of shares representing 66% of the outstanding shares of the Series B Preferred is required to authorize the creation or issue of, or reclassify any authorized stock of UAL 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.

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

Transfer Agent, Registrar, Dividend Disbursing Agent and Redemption Agent

The transfer agent, registrar, dividend agent and redemption agent for the shares of Series B Preferred is First Chicago Trust Company of New York (in such capacities, the "Transfer Agent"). First Chicago Trust Company of New York also acts as the Depositary (the "Depositary") for the Depositary Shares.

#### DEPOSITARY SHARES

The Depositary Shares are issued under a Deposit Agreement (the "Deposit Agreement") between UAL, First Chicago Trust Company of New York, as the Depositary, and the holders from time to time of the Depositary Receipts. The summary of terms of the Depositary Shares, the Depositary Receipts and the Deposit Agreement contained in this Prospectus Supplement does not purport to be complete.

#### General

Each Depositary Share will represent one one-thousandth of a share of the Series B Preferred (the equivalent of \$25 liquidation preference of Series B Preferred).

Subject to the terms of the Deposit Agreement, each owner of a Depositary Share is entitled, in proportion to the applicable fraction of a share of the Series B Preferred represented by such Depositary Share, to all the rights and preferences of the shares of the Series B Preferred represented thereby (including dividend, voting, redemption and liquidation rights).

The Depositary Shares are listed on the New York Stock Exchange.

#### Dividends and Other Distributions

The Depositary distributes all cash dividends or other cash distributions received in respect of the shares of the Series B Preferred to the record holders of Depositary Shares relating to the Series B Preferred in proportion to the number of such Depositary Shares owned by such holders.

In the event of a distribution other than in cash, the Depositary distributes property received by it to the record holders of Depositary Shares in an equitable manner in proportion to the number of such Depositary Shares owned by such holders, unless the Depositary determines that it is not feasible to make such distribution, in which case the Depositary may sell such property and distribute the net proceeds from such sale to such holders.

#### Redemption of Depositary Shares

If the shares of the Series B Preferred represented by Depositary Shares are subject to redemption, the Depositary Shares will be redeemed from the proceeds received by the Depositary resulting from the redemption, in whole or in part, of such shares of the Series B Preferred held by the Depositary. The redemption price per Depositary Share will be equal to the applicable fraction of the redemption price per share payable with respect to such series of the shares of the Series B Preferred. Whenever UAL redeems shares of the Series B Preferred held by the Depositary, the Depositary redeems as of the same redemption date the number of Depositary Shares representing shares of the Series B Preferred so redeemed. If fewer than all the Depositary Shares are to be redeemed, the Depositary Shares to be redeemed will be selected by lot, pro rata or by any other equitable method as may be determined by the Depositary.

#### Voting the Shares of the Series B Preferred

Upon receipt of notice of any meeting at which the holders of the Series B Preferred are entitled to vote, the Depositary mails the information contained in such notices of meeting to the record holders of the Depositary Shares relating to such shares of the Series B Preferred. Each record holder of such Depositary Shares on the record date (which will be the same date as the record date for the shares of the Series B Preferred) is entitled to instruct the Depositary as to the exercise of the voting rights pertaining to the fraction of the shares of the Series B Preferred represented by such holder's Depositary Shares. The Depositary will endeavor, insofar as practicable, to vote the amount of the shares of the Series B Preferred represented by such Depositary Shares in accordance with such instructions, and UAL will agree to take all reasonable action that may be deemed necessary by the Depositary in order to enable the Depositary to do so. The Depositary will abstain from voting the shares of the Series B Preferred to the extent it does not receive specific instructions from the holder of Depositary Shares representing such shares of the Series B Preferred.

#### Amendment and Termination of the Deposit Agreement

The form of Depositary Receipt evidencing the Depositary Shares and any provision of the Deposit Agreement may at any time be amended by agreement between UAL and the Depositary. However, any amendment that materially and adversely alters the rights of the holders of Depositary Shares will not be effective unless the holders of at least a majority of the Depositary Shares then outstanding approve such amendment. The Deposit Agreement will only terminate if (i) all outstanding Depositary Shares have been redeemed or (ii) there has been a final distribution in respect of the shares of the Series B Preferred in connection with any liquidation, dissolution or winding up of UAL and such distribution has been distributed to the holders of the Depositary Receipts.

#### Charges of Depositary

UAL pays all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. UAL pays charges of the Depositary in connection with the initial deposit of the shares of the Series B Preferred and issuance of Depositary Receipts, all withdrawals of shares of the Series B Preferred by owners of Depositary Shares and any redemption of the shares of the Series B Preferred. Holders of Depositary Receipts pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the Deposit Agreement to be for their accounts.

#### Resignation and Removal of Depositary

The Depositary may resign at any time by delivering to UAL notice of its election to do so, and may at any time remove the Depositary, any such resignation or removal to take effect upon the appointment of a successor Depositary and its acceptance of such appointment. Such successor Depositary must be appointed within 60 days

after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

#### Miscellaneous

The Depositary forwards all reports and communications from UAL that are delivered to the Depositary and that UAL is required or otherwise determines to furnish to the holders of the shares of the Series B Preferred.

Neither the Depositary nor UAL is liable under the Deposit Agreement to holders of Depositary Receipts other than for its gross negligence, willful misconduct or bad faith. Neither UAL nor the Depositary is obligated to prosecute or defend any legal proceeding in respect of any Depositary Shares or Series B Preferred unless satisfactory indemnity is furnished. UAL and the Depositary may rely upon written advice of counsel or accountants, or upon information provided by persons presenting shares of the Series B Preferred for deposit, holders of Depositary Receipts or other persons believed to be competent and on documents believed to be genuine.

## RELATIONSHIP BETWEEN THE PREFERRED SECURITIES, THE JUNIOR SUBORDINATED DEBENTURES AND THE PREFERRED SECURITIES GUARANTEE

As long as payments of interest and other payments are made when due on the Junior Subordinated Debentures, such payments will be sufficient to cover distributions and other payments due on the Preferred Securities primarily because (i) the aggregate principal amount of Junior Subordinated Debentures held as trust assets will be equal to the sum of the aggregate stated liquidation amount of the Preferred Securities and the proceeds received by the Trust upon issuance of the Common Securities to UAL; (ii) the interest rate and interest and other payment dates on the Junior Subordinated Debentures will match the distribution rate and distribution and other payment dates for the Preferred Securities; (iii) the Declaration provides that UAL shall pay for all debts and obligations (other than with respect to the Trust Securities) and all costs and expenses of the Trust, including any taxes and all costs and expenses with respect thereto, to which the Trust may become subject, except for United States withholding taxes; and (iv) the Declaration further provides that the Trustees shall not cause or permit the Trust, among other things, to engage in any activity that is not consistent with the limited purposes of the Trust.

Payments of distributions and other payments due on the Preferred Securities are guaranteed by UAL on a subordinated basis as and to the extent set forth under "Description of the Preferred Securities Guarantee." If UAL does not make interest or other payments on the Junior Subordinated Debentures, the Trust will not make distributions or other payments on the Preferred Securities. Under the Declaration, if and to the extent UAL does make interest or other payments on the Junior Subordinated Debentures, the Institutional Trustee is obligated to make distributions or other payments on the Preferred Securities. The Preferred Securities Guarantee covers distributions and other payments on the Preferred Securities only if and to the extent that UAL has made a payment of interest or principal on the Junior Subordinated Debentures deposited in the Trust as trust assets. The Preferred Securities Guarantee, when taken together with UAL's obligations under the Junior Subordinated Debentures and the Indenture and its obligations under the Declaration, including its obligation to pay costs, expenses and certain liabilities of the Trust, constitutes a full and unconditional guarantee of amounts due on the Preferred Securities.

The Institutional Trustee will have the power to exercise all rights, powers and privileges under the Indenture with respect to the Junior Subordinated Debentures, including its rights as the holder of the Junior Subordinated Debentures to enforce UAL's obligations under the Junior Subordinated Debentures upon the occurrence of an Indenture Event of Default, and will also have the right to enforce the Preferred Securities Guarantee on behalf of the holders of the Preferred Securities. In addition, the holders of at least a majority in liquidation amount of the Preferred Securities will have the right to direct the Institutional Trustee with respect to certain matters under the Declaration and the Preferred Securities Guarantee. Any holder of Preferred Securities may institute a legal proceeding against UAL to enforce the Preferred Securities Guarantee and the Company's payment obligations on the Junior Subordinated Debentures. See "Description of the Preferred Securities" and "Description of the Preferred Securities Guarantee."

If a Special Event shall occur and be continuing, the Trust shall be dissolved (unless the Junior Subordinated Debentures are redeemed) with the result that Junior Subordinated Debentures held by the Trust having an aggregate principal amount equal to the aggregate stated liquidation amount of the Preferred Securities and Common Securities will be distributed on a Pro Rata Basis in exchange for the outstanding Preferred Securities and Common Securities, subject in the case of a Tax Event to UAL's right in certain circumstances to redeem Junior Subordinated Debentures as described under "Description of the Preferred Securities -- Special Event Redemption or Distribution." The Preferred Securities represent preferred undivided beneficial interests in the assets of the Trust, a statutory business trust which exists for the purpose of (a) issuing (i) its Preferred Securities in exchange for Depositary Shares validly tendered in the Offer and delivering such Depositary Shares to UAL in consideration for the deposit by UAL of Junior Subordinated Debentures in the Trust as trust assets, and (ii) its Common Securities to UAL in exchange for cash and investing the proceeds thereof in an equivalent amount of Junior Subordinated Debentures and (b) engaging in such other activities as are necessary or incidental thereto.

Upon any voluntary or involuntary dissolution, winding-up or termination of the Trust, the holders of Trust Securities will be entitled to receive the Liquidation Distribution in cash or Junior Subordinated Debentures and will be entitled to the benefits of the Preferred Securities Guarantee with respect to any such distribution. See "Description of the Preferred Securities -- Liquidation Distribution Upon Dissolution." Upon any voluntary or involuntary liquidation or bankruptcy of UAL, the holders of Junior Subordinated Debentures would be subordinated creditors of UAL, subordinated in right of payment to all Senior Indebtedness, but entitled to receive payment in full of principal, premium, if any, and interest, before any stockholders of UAL receive payments or distributions.

A default or event of default under any Senior Indebtedness would not constitute a default or event of default under the Junior Subordinated Debentures. However, in the event of payment defaults under, or acceleration of, Senior Indebtedness, the subordination provisions of the Junior Subordinated Debentures provide that no payments may be made in respect of the Junior Subordinated Debentures. Failure to make required payments on the Junior Subordinated Debentures would constitute an event of default under the Indenture.

#### TAXATION

The following is a general summary of the material United States federal income tax consequences of the issuance of Preferred Securities in exchange for the Depository Shares pursuant to the Offer, and of the ownership and disposition of Preferred Securities. To the extent it relates to matters of law or legal conclusions, this summary constitutes the opinion of Mayer, Brown & Platt, special tax counsel to the Trust. Unless otherwise stated, this summary deals only with Preferred Securities held as capital assets by Securityholders who acquire the Preferred Securities pursuant to the Offer ("Initial Holders") and who hold Depository Shares as capital assets. This summary does not discuss all the tax consequences that may be relevant to a particular Securityholder in light of the Securityholder's particular circumstances and it is not intended to be applicable in all respects to all categories of Securityholders, some of whom -- such as insurance companies, tax-exempt persons, financial institutions, regulated investment companies, dealers in securities or currencies, persons that hold Depository Shares or Preferred Securities 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 Securityholder's decision to exchange Depository Shares for Preferred Securities pursuant to the Offer. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations thereunder and administrative and judicial interpretations thereof, as of the date hereof, all of which are subject to change (possibly on retroactive basis).

ALL HOLDERS OF DEPOSITARY SHARES ARE ADVISED TO CONSULT THEIR TAX ADVISORS AS TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF DEPOSITARY SHARES FOR PREFERRED SECURITIES AND OF THE OWNERSHIP AND DISPOSITION OF PREFERRED SECURITIES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR OTHER TAX LAWS. EXCHANGE OF DEPOSITARY SHARES FOR PREFERRED SECURITIES

#### EXCHANGE OF DEPOSITARY SHARES OF PREFERRED SECURITIES

The exchange of Depository Shares for Preferred Securities pursuant to the Offer will be a taxable transaction. In the case of an Initial Holder who actually or constructively owns solely Depository Shares, or who actually or constructively owns Depository Shares and a minimal percentage of any other class of UAL stock, and who does not exercise any control over the affairs of UAL, gain or loss will be recognized in an amount equal to the difference between the fair market value on the Expiration Date of the Preferred Securities (representing an undivided interest in the Junior Subordinated Debentures) received in the exchange and the exchanging Holder's tax basis in the Depository Shares exchanged therefor and will be long-term capital gain or loss if the Depository Share has been held for more than one year as of such date. UAL will provide information concerning such fair market

value to the Exchange Agent, which will provide such information to holders of record who exchange Depositary Shares for Preferred Securities. It is anticipated that persons who hold such Depositary Shares as nominees for beneficial holders will provide such information to such beneficial holders. A holder's aggregate tax basis in his or her pro rata share of the underlying Junior Subordinated Debentures will be equal to his or her pro rata share of their "issue price" on the Expiration Date as defined below.

Holders of Depositary Shares who actually or constructively own more than a minimal percentage of any other class of UAL stock are advised to consult their tax advisors as to the income tax consequences of exchanging Depositary Shares.

#### CLASSIFICATION OF THE TRUST

In connection with the issuance of the Preferred Securities, Mayer, Brown & Platt, special tax counsel to the Trust, will render its opinion generally to the effect that, under then current law and assuming full compliance with the terms of the Declaration, the Trust will be classified for United States federal income tax purposes as a grantor trust and not as an association taxable as a corporation. Accordingly, each Securityholder will be considered the owner of a pro rata portion of the Junior Subordinated Debentures held by the Trust and will be required to include in gross income his or her pro rata share of the income accrued on the Junior Subordinated Debentures.

#### ACCRUAL OF ORIGINAL ISSUE DISCOUNT AND PREMIUM

The Junior Subordinated Debentures will be considered to have been issued with "original issue discount" and each Securityholder, including a Securityholder who otherwise uses the cash method of accounting, will be required to include his or her pro rata share of original issue discount on the Junior Subordinated Debentures in income as it accrues, in accordance with a constant yield method based on a compounding of interest, before the receipt of cash distributions on the Preferred Securities. Generally, all of a Securityholder's taxable interest income with respect to the Junior Subordinated Debentures will be accounted for as "original issue discount" and actual distributions of stated interest will not be separately reported as taxable income. So long as the interest payment period is not extended, cash distributions received by an Initial Holder for any quarterly interest period (assuming no disposition prior to the record date for such distribution) will equal or exceed the sum of the daily accruals of income for such quarterly interest period, unless the issue price of the Junior Subordinated Debentures (as defined below) is less than \$25.

The total amount of "original issue discount" on the Junior Subordinated Debentures will equal the difference between the "issue price" of the Junior Subordinated Debentures and their "stated redemption price at maturity." Because UAL has the right to extend the interest payment period of the Junior Subordinated Debentures, all of the stated interest payments on the Junior Subordinated Debentures will be includible in determining their "stated redemption price at maturity." The "issue price" of each \$25 principal amount of the Junior Subordinated Debentures will be equal to the fair market value of a Preferred Security on the Expiration Date, which may be more or less than \$25, with the result that the total amount of original issue discount on the Junior Subordinated Debentures may be more or less than the amount of stated interest payable with respect thereto. The issue price of each \$25 principal amount of the Junior Subordinated Debentures may be reduced by the Pre-issuance Accrued Distribution. If a Securityholder computes the issue price of his or her pro rata share of the Junior Subordinated Debentures in this manner, then the payment of such amount will be treated as a return of capital rather than as an interest payment. UAL and the Trust may elect to compute the issue price of the Junior Subordinated Debentures in this manner and, if so, will report the payment of such amount on IRS Form 1099-B.

A Securityholder's initial tax basis for his or her pro rata share of the Junior Subordinated Debentures will be equal to the fair market value on the Expiration Date of the Preferred Securities held by such Securityholder, and will be increased by original issue discount accrued with respect thereto, and reduced by the amount of cash distributions (including the amount of Pre-issuance Accrued Distribution) paid to such Securityholder. No portion

of the amounts received on the Preferred Securities will be eligible for the dividends received deduction for corporate holders.

#### POTENTIAL EXTENSION OF PAYMENT PERIOD ON THE JUNIOR SUBORDINATED DEBENTURES

Securityholders will continue to accrue original issue discount with respect to their pro rata share of the Junior Subordinated Debentures during an Extension Period, and any holders who dispose of Preferred Securities prior to the record date for the payment of interest following such extended interest payment period will not receive from the Trust any cash related thereto. If (i) UAL elects to defer interest payments on the Junior Subordinated Debentures and (ii) the issue price of the Junior Subordinated Debentures is greater than or less than \$25, in general, such deferral could cause the yield used to accrue OID on the Junior Subordinated Debentures to increase or decrease, respectively, which in turn would cause a certain amount of OID to accrue earlier or later, respectively, than would have been the case if there had been no such deferral of interest payments.

#### DISTRIBUTION OF JUNIOR SUBORDINATED DEBENTURES TO HOLDERS OF PREFERRED SECURITIES

Under current law, a distribution by the Trust of the Junior Subordinated Debentures as described under the caption "Description of the Preferred Securities -- Special Event Redemption or Distribution" will be non-taxable and will result in the Securityholder receiving directly his or her pro rata share of the Junior Subordinated Debentures previously held indirectly through the Trust, with a holding period and tax basis equal to the holding period and adjusted tax basis such Securityholder was considered to have had in his or her pro rata share of the underlying Junior Subordinated Debentures prior to such distribution.

#### DISPOSITION OF THE PREFERRED SECURITIES

Upon a sale, exchange or other disposition of the Preferred Securities (including a distribution of cash in redemption of a Securityholder's Preferred Securities upon redemption or repayment of the underlying Junior Subordinated Debentures, but excluding the distribution of Junior Subordinated Debentures), a Securityholder will be considered to have disposed of all or part of his or her pro rata share of the Junior Subordinated Debentures, and will recognize gain or loss equal to the difference between the amount realized and the Securityholder's adjusted tax basis in his or her pro rata share of the underlying Junior Subordinated Debentures deemed disposed of. Gain or loss will be capital gain or loss (except, in the case of a Securityholder that is not an Initial Holder, to the extent of any accrued market discount with respect to such Securityholder's pro rata share of the Junior Subordinated Debentures not previously included in income). Such gain or loss will be long-term capital gain or loss if the Preferred Securities have been held for more than one year.

The Preferred Securities may trade at a price that does not fully reflect the value of accrued but unpaid interest with respect to the underlying Junior Subordinated Debentures. In such event, a Securityholder who disposes of Preferred Securities and does not receive a payment of interest from the Trust for the period in which the disposition occurs will nevertheless be required to include accrued but unpaid interest on the Junior Subordinated Debentures through the date of disposition in income as ordinary income, and to add such amount to his or her adjusted tax basis in his or her pro rata share of the underlying Junior Subordinated Debentures deemed disposed of. Accordingly, such a Securityholder will recognize a capital loss to the extent the selling price (which may not fully reflect the value of accrued but unpaid interest) is less than the Securityholder's adjusted tax basis (which will include accrued but unpaid interest). Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for United States income tax purposes.

## UNITED STATES ALIEN HOLDERS

For purposes of this discussion, a "United States Alien Holder" is any beneficial owner of Preferred Securities or Depository Shares that is not a U.S. person. For purposes of this discussion, a "U.S. person" means a citizen or resident of the United States, a corporation or partnership created or organized in the United States or under the law of the United States or of any State or political subdivision of the foregoing, or any estate or trust whose income is includible in gross income for U.S. federal income tax purposes regardless of its source.

Except as otherwise described below, under present United States federal income tax law:

(i) payments by the Trust or any of its paying agents to any holder of a Preferred Security who or which is a United States Alien Holder will not be subject to United States federal withholding tax, provided that (a) the beneficial owner of the Preferred Security does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of UAL entitled to vote, (b) the beneficial owner of the Preferred Security is not a controlled foreign corporation that is related to UAL through stock ownership, and (c) either (A) the beneficial owner of the Preferred Security certifies to the Trust or its agent, under penalties of perjury, that it is not a United States holder and provides its name and address or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "Financial Institution") and holds the Preferred Security certifies to the Trust or its agent under penalties of perjury that such statement has been received from the beneficial owner by it or by a Financial Institution between it and the beneficial owner and furnishes the Trust or its agent with a copy thereof;

(ii) a United States Alien Holder of a Preferred Security will not be subject to United States federal withholding tax on any gain realized upon the sale or other disposition of a Preferred Security; and

(iii) any gain realized by a United States Alien Holder upon the exchange of Depository Shares for Preferred Securities will not be subject to United States federal withholding tax.

Gain recognized by a United States Alien Holder on the exchange of Depository Shares for Preferred Securities and gain on the disposition of Preferred Securities will be subject to United States federal income tax if (i) such gain is effectively connected with a trade or business conducted by such United States Alien Holder within the United States (in which case the branch profits tax may also apply if the United States Alien Holder is a foreign corporation), (ii) in the case of a United States Alien Holder that is an individual, such United States Alien 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) UAL is or has been a "United States real property holding corporation" for federal income tax purposes (which UAL does not believe it has been or is currently) and such United States Alien Holder has held, directly or constructively, more than 5% of the outstanding Depository Shares within the five-year period ending on the date of the sale or exchange, and no treaty exception is applicable.

If a United States Alien Holder is engaged in a trade business within the United States and interest (including original issue discount) and premium, if any, on Preferred Securities is effectively connected with the conduct of such trade or business, such United States Alien Holder 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 United States Alien Holder is a foreign corporation).

On April 15, 1996, proposed Treasury Regulations (the "Proposed Regulations") were issued which, if adopted in final form, could affect the United States taxation of United States Alien Holders, including changing the certification requirements. The Proposed Regulations are generally proposed to be effective for payments after 1997, regardless of the issue date of the note with respect to which such payments were made. It cannot be



predicted at this time whether the Proposed Regulations will become effective as proposed or what, if any, modifications may be made to them.

#### INFORMATION REPORTING TO HOLDERS

The Trust will report the original issue discount that accrued during the year with respect to the Junior Subordinated Debentures, and any gross proceeds received by the Trust from the retirement or redemption of the Junior Subordinated Debentures, annually to the holders of record of the Preferred Securities and the Internal Revenue Service. The Trust currently intends to deliver such reports to holders of record prior to January 31 following each calendar year. It is anticipated that persons who hold Preferred Securities as nominees for beneficial holders will report the required tax information to beneficial holders on IRS Form 1099. As described below under "--Backup Withholding," different reporting rules may apply to United States Alien Holders.

#### BACKUP WITHHOLDING

Payments made on, and proceeds from the sale of Preferred Securities may be subject to a "backup" withholding tax of 31% unless such Securityholder (i) 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. Information reporting on IRS Form 1099 (including IRS Form 1099-B) and backup withholding at a rate of 31% will not apply to payments of principal and interest (including original issue discount) made by the Trust or a paying agent to a United States Alien Holder on Preferred Securities if the certification described in clause (c) of paragraph (i) under "- United States Alien Holders" is received, provided that the payor does not have actual knowledge that the Securityholder is a United States person. However, interest (including original issue discount) on Junior Subordinated Debentures beneficially owned by a United States Alien Holder may be required to be reported annually on IRS Form 1042S. Any withheld amounts will generally be allowed as a credit against the Securityholder's federal income tax, provided the required information is timely filed with the Internal Revenue Service.

#### PROPOSED TAX LEGISLATION

On March 19, 1996, President Clinton proposed certain tax law changes (the "Proposed Legislation") that would, among other things, generally deny corporate issuers a deduction for interest in respect of certain debt obligations, such as the Junior Subordinated Debentures, issued on or after December 7, 1995. On March 29, 1996, Senate Finance Committee Chairman William V. Roth, Jr. and House Ways and Means Committee Chairman Bill Archer issued a joint statement (the "Joint Statement") indicating their intent that the Proposed Legislation, if adopted by either of the tax-writing committees of Congress, would have an effective date that is no earlier than the date of "appropriate Congressional action." In addition, subsequent to the publication of the Joint Statement, Senator Daniel Patrick Moynihan and Representatives Sam M. Gibbons and Charles B. Rangel wrote letters to Treasury Department officials concurring with the view expressed in the Joint Statement (the "Democrat Letters"). If the principles contained in the Joint Statement and the Democrat Letters were followed and the Proposed Legislation were enacted, such legislation would not apply to the Junior Subordinated Debentures. There can be no assurance, however, that the effective date guidance contained in the Joint Statement will be incorporated into the Proposed Legislation, if enacted, or that other legislation enacted after the date hereof will not otherwise adversely affect the ability of UAL to deduct the interest payable on the Junior Subordinated Debentures. Accordingly, there can be no assurance that a Tax Event will not occur. The occurrence of a Tax Event may, among other things, result in a dissolution of the Trust in which holders of the Preferred Securities may receive cash, which would be a taxable event to such holders. See "--Disposition of the Preferred Securities" and "Description of the Preferred Securities--Special Event Redemption or Distribution."

## LEGAL MATTERS

Certain matters of Delaware law relating to the validity of the Preferred Securities will be passed upon for the Trust by Richards, Layton & Finger, special Delaware counsel to the Trust and UAL. The validity of the Preferred Securities Guarantee and the Junior Subordinated Debentures, and certain legal matters in connection with the Preferred Securities, the Preferred Securities Guarantee and the Junior Subordinated Debentures, will be passed upon for the Trust and UAL by Mayer, Brown & Platt, Chicago, Illinois. Certain legal matters in connection with the Preferred Securities will be passed upon for the Dealer Managers by Skadden, Arps, Slate, MeagherE& Flom, New York, New York. Skadden, Arps, Slate, MeagherE& Flom, from time to time, provides legal services for UAL.

## EXPERTS

The consolidated financial statements and related schedules of UAL Corporation and subsidiary companies as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995, incorporated by reference in this Prospectus, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

## ERISA CONSIDERATIONS

Generally, employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), or Section 4975 of the Code ("Plans"), may purchase Preferred Securities, subject to the investing fiduciary's determination that the investment in Preferred Securities satisfies ERISA's fiduciary standards and other requirements applicable to investments by the Plan.

In any case, UAL and/or any of its affiliates may be considered a "party in interest" (within the meaning of ERISA) or a "disqualified person" (within the meaning of Section 4975 of the Code) with respect to certain plans (generally, Plans maintained or sponsored by, or contributed to by, any such persons). The acquisition and ownership of Preferred Securities by a Plan (or by an individual retirement arrangement or other Plans described in Section 4975(e)(i) of the Code) with respect to which UAL or any of its affiliates is considered a party in interest or a disqualified person, may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code, unless such Preferred Securities are acquired pursuant to and in accordance with an applicable exemption.

As a result, Plans with respect to which UAL or any of its affiliates is a party in interest or a disqualified person should not acquire Preferred Securities. Any other Plans or other entities whose assets include Plan assets subject to ERISA proposing to acquire Preferred Securities should consult with their own ERISA counsel.

Facsimile copies of the Letter of Transmittal will be accepted. Letters of Transmittal, certificates representing Depositary Shares and any other required documents should be sent by each Holder of Depositary Shares 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

<p>By Hand or Overnight Courier:          The Bank of New York          Reorganization Section          101 Barclay Street          (7 East)          New York, New York 10286          Attn:</p>	<p>(registered or certified mail recommended)          The Bank of New York          Reorganization Section          101 Barclay Street          (7 East)          New York, New York 10286          Attn:</p>
---	--

By Facsimile:  
 (For Eligible Institutions Only)  
 (212) 571-3080

Confirm Receipt by Telephone:  
 (212) 815-2742  
 Attn:

THE INFORMATION AGENT IS:  
 GEORGESON & COMPANY INC.  
 Wall Street Plaza  
 New York, New York 10005  
 (800) 223-2064 (Toll-Free)  
 (212) 440-9800 (Call Collect)

Any questions or requests for assistance or additional copies of this Prospectus, the Letter of Transmittal or for copies of the Notice of Guaranteed Delivery 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 Offer.

THE DEALER MANAGERS FOR THE OFFER ARE:

MERRILL LYNCH & CO.  
 WORLD FINANCIAL CENTER  
 NORTH TOWER -- SEVENTH FLOOR  
 NEW YORK, NEW YORK 10281  
 (212) 449-4914 (COLLECT)  
 ATTN: SUSAN L. WEINBERG

SMITH BARNEY INC.  
 388 GREENWICH STREET  
 NEW YORK, NEW YORK 10013  
 (800) 655-4811 (TOLL-FREE)  
 ATTN: PAUL S. GALANT

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## Item 20. Indemnification Of Directors And Officers.

## LIMITATION OF LIABILITY OF DIRECTORS

UAL's Restated Certificate of Incorporation provides that no director of UAL will be personally liable to UAL 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 UAL 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

UAL's Restated Certificate of Incorporation provides that directors and officers of UAL 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.

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

#### INDEMNIFICATION OF TRUSTEES

The Declaration provides that no Trustee, affiliate of any Trustee or any officers, directors, shareholders, members, partners, employees, representatives or agents of any Trustee or any employee or agent of the Trust or its affiliates (each, an "Indemnified Person") shall be liable, responsible or accountable in damages or otherwise to the Trust or any officer, director, shareholder, partner, member, representative, employee or agent of the Trust or its affiliates, any officer, director, shareholder, employee, representative or agent of UAL or its affiliates or to any holders from time to time of Trust Securities of the Trust for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by the Declaration or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's gross negligence (or, in the case of the Institutional Trustee, negligence) or willful misconduct with respect to such acts or omission. The Declaration also provides that, to the fullest extent permitted by applicable law, UAL shall indemnify and hold harmless each Indemnified Person from and against any loss, damage or claim incurred by such Indemnified Person by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of authority conferred on such Indemnified Person by the Declaration, except that no Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of gross negligence (or, in the case of the Institutional Trustee, negligence) or willful misconduct with respect to such acts or omissions. The Declaration further provides that to the fullest extent permitted by applicable law, expenses (including legal fees) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by UAL prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by UAL of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified pursuant to the Declaration. The Declaration does not preclude holders of Preferred Securities from instituting actions under the federal securities laws.

#### 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.

Each of the Registrants hereby undertakes:

(1) That, for purposes of determining any liability under the Securities Act of 1933, each filing of UAL's Annual Report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement 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.

(2) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrants pursuant to the foregoing provisions, or otherwise, the Registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrants of expenses incurred or paid by a director, officer or controlling person of the Registrants 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 Registrants will, unless in the opinion of their 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 Act and will be governed by the final adjudication of such issue.

(3) 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 through the date responding to the request.

(4) 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, UAL Corporation, has duly caused this Registration Statement on Form S-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in Elk Grove Township, Illinois on the 16th day of October, 1996.

## UAL CORPORATION

By /s/ Douglas A. Hacker

-----  
Douglas A. Hacker  
Senior Vice President and Chief  
Financial Officer

## POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Gerald Greenwald and Douglas A. Hacker, and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on the 16th day of October, 1996.

Signature -----	Title -----
/s/ Gerald Greenwald ----- Gerald Greenwald	Chairman and Chief Executive Officer
/s/ Douglas A. Hacker ----- Douglas A. Hacker	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)
/s/ John A. Edwardson ----- John A. Edwardson	Director
/s/ Duane D. Fitzgerald ----- Duane D. Fitzgerald	Director

/s/ Michael H. Glawe ----- Michael H. Glawe	Director
- ----- Richard D. McCormick	Director
/s/ John F. McGillicuddy ----- John F. McGillicuddy	Director
/s/ James J. O'Connor ----- James J. O'Connor	Director
/s/ John F. Peterpaul ----- John F. Peterpaul	Director
/s/ Paul E. Tierney, Jr. ----- Paul E. Tierney, Jr.	Director
/s/ John K. Van de Kamp ----- John K. Van de Kamp	Director
/s/ Joseph V. Vittoria ----- Joseph V. Vittoria	Director
/s/ Paul A. Volcker ----- Paul A. Volcker	Director



## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant, UAL Corporation Capital Trust I, has duly caused this Registration Statement on Form S-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in Elk Grove Township, Illinois on this 16th day of October, 1996.

UAL CORPORATION CAPITAL TRUST I

By: UAL Corporation, as Sponsor

By: /s/ Douglas A. Hacker

-----  
Name: Douglas A. Hacker  
Title: Senior Vice President and  
Chief Financial Officer

II-6

## EXHIBIT INDEX

Exhibit No.	Document	Sequential Page Number
-----	-----	-----
1	-- Form of Dealer Manager Agreement	
4.1	-- Form of Indenture between UAL and The First National Bank of Chicago, as Trustee	
4.2	-- Declaration of Trust of UAL Corporation Capital Trust I	
4.3	-- Certificate of Trust of UAL Corporation Capital Trust I	
4.4	-- Form of Amended and Restated Declaration of Trust of UAL Corporation Capital Trust I	
4.5	-- Form of Preferred Security (included in Exhibit 4.4)	
4.6	-- Form of Junior Subordinated Debenture (included in Exhibit 4.8)	
4.7	-- Form of Guarantee Agreement with respect to Preferred Securities	
4.8	-- Form of Officer's Certificate relating to the Junior Subordinated Debentures	*
5.1	-- Opinion of Mayer, Brown & Platt	
5.2	-- Opinion of Richards, Layton & Finger	
8	-- Tax Opinion of Mayer, Brown & Platt (included in Exhibit 5.1)	
23.1	-- Consent of Arthur Andersen LLP	
23.2	-- Consent of Mayer, Brown & Platt (included in Exhibit 5.1)	
23.3	-- Consent of Richards, Layton & Finger (included in Exhibit 5.2)	
24.1	-- Powers of Attorney for UAL Corporation (included on signature page)	
24.2	-- Power of Attorney for UAL Corporation, as sponsor, to sign this Registration Statement on behalf of UAL Corporation Capital Trust I (included in Exhibit 4.2)	
25.1	-- Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The First National Bank of Chicago, as Trustee under the Indenture	*
25.2	-- Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The First National Bank of Chicago, as Institutional Trustee, under the Amended and Restated Declaration of Trust	*
25.3	-- Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The First National Bank of Chicago, as Indenture Trustee, under the Preferred Securities Guarantee	*
99.1	-- Form of Letter of Transmittal	
99.2	-- Form of Notice of Guaranteed Delivery	
99.3	-- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees	
99.4	-- Form of Letter to Clients	
99.5	-- Form of Exchange Agent Agreement	*
99.6	-- Form of Information Agent Agreement	*
99.7	-- Form of UAL Letter to Holders of Depository Shares representing 12 1/4% Preferred Stock, Series B	
99.8	-- Questions and Answers Regarding Preferred Securities	
99.9	-- Form of Notice of Offer to Exchange	

-----  
\* To be filed by amendment.

## FORM OF DEALER MANAGER AGREEMENT

[ ], 1996

MERRILL LYNCH & CO.  
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED  
Merrill Lynch World Headquarters  
North Tower  
World Financial Center  
New York, New York 10281-1329

SMITH BARNEY INC.  
388 Greenwich Street  
New York, New York 10013

Ladies and Gentlemen:

UAL Corporation Capital Trust I (the "Trust"), a statutory business trust organized under the Business Trust Act (the "Delaware Act") of the State of Delaware (Chapter 38, Title 12 of the Delaware Code, 12 Del. C. Section 3801 et. seq.) proposes to issue its % Trust Originated Preferred Securities(SM)("TOPrS(SM)") (the "Preferred Securities") in exchange for any and all shares of the 6,266,781 depository shares not owned by UAL (the "Target Securities"), each representing one one-thousandth of a share of Series B Preferred Stock (liquidation preference equivalent to \$25 per depository share) of UAL Corporation (the "Company"). The Preferred Securities will be guaranteed (the "Guarantee") by the Company to the extent described in the Prospectus (as hereinafter defined). The exchange described above is herein referred to as the "Exchange Offer" and any exchange of Preferred Securities for Target Securities pursuant to the Exchange Offer is herein referred to as an "Exchange". In connection with the Exchange Offer, the Company will deposit in the Trust as trust assets its % Junior Subordinated Debentures due , 2026 (the "Debentures") as set forth in the Prospectus.

Each of the Company and the Trust hereby confirms its agreement with Merrill Lynch & Co. and Smith Barney Inc. (the "Dealer Managers") as follows:

---

(SM) "Trust Originated Preferred Securities" and "TOPrS" are service marks of Merrill Lynch & Co., Inc.

1. Registration Statement, Prospectus and Offering

Materials. The Company and the Trust have prepared and filed with the Securities and Exchange Commission (the "Commission"), under the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder (collectively, the "Securities Act"), a registration statement on Form S-4 covering the registration of the Preferred Securities, the Guarantee and the Debentures, including the related preliminary prospectus, and will prepare and file, on or prior to the effective date of such registration statement, amendments to such registration statement, including a final prospectus. Each prospectus used before the time such registration statement becomes effective is herein called a "preliminary prospectus". Such registration statement, including the exhibits thereto and any documents incorporated by reference therein, as amended at the time it becomes effective or as thereafter amended or supplemented from time to time, is herein called the "Registration Statement". The final prospectus included in the Registration Statement (including any documents incorporated in the prospectus by reference) is herein called the "Prospectus", except that if the final prospectus furnished to the Dealer Managers for use in connection with the Exchange Offer differs from the prospectus set forth in the Registration Statement (whether or not such prospectus is required to be filed pursuant to Rule 424 (b)), the term "Prospectus" shall refer to the final prospectus furnished to the Dealer Managers for such use. The terms "supplement" and "amendment" or "amend" as used herein with respect to the Prospectus shall include all documents deemed to be incorporated by reference in the Prospectus that are filed subsequent to the date of the Prospectus and prior to the termination of the Exchange Offer by the Company and the Trust with the Commission pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder (collectively, the "Exchange Act").

The Registration Statement, Prospectus and the related letters from the Dealer Managers to securities brokers, dealers, commercial banks, trust companies and other nominees, letters to beneficial owners of Target Securities, letters of transmittal (the "Letters of Transmittal"), notices of guaranteed delivery (the "Notices of Guaranteed Delivery") and any newspaper announcements, press releases and other offering materials and information the Company may use or prepare, approve or authorize for use in connection with the Exchange Offer, as amended or supplemented from time to time, are herein collectively referred to as the "Offering Materials".

2. Exchange Offer; Agreement to Act as Dealer Managers.

(a) The Company and the Trust intend to commence the Exchange Offer as soon as practicable after the Registration Statement becomes effective under the Securities Act by publicly announcing its commencement and by mailing, or causing to be mailed on its behalf, copies of the Prospectus, the related Letters of Transmittal and such of the other Offering Materials as is required or as the Company and the Trust elect to each holder of Target Securities (the date of the commencement of such distribution being herein called the "Commencement Date").

(b) The Company hereby retains the Dealer Managers to advise the Company and the Trust with respect to the terms and timing of the Exchange Offer and to assist them in the preparation of the Offering Materials and retains and authorizes the Dealer Managers to act as dealer managers and to assist the Company and the Trust with the solicitation of Exchanges (each a "Solicitation" and collectively the "Solicitations"). On the basis of the representations and warranties and agreements of the Company and the Trust herein contained and subject to and in accordance with the terms and conditions hereof and of the Offering Materials, the Dealer Managers agree to advise the Company and the Trust with respect to the terms and timing of the Exchange Offer, to assist them in the preparation of the Offering Materials, to act as dealer managers in connection with the Exchange Offer and to assist the Company and the Trust with the Solicitations. The Dealer Managers agree to use their reasonable best efforts to solicit Exchanges.

(c) The Company shall furnish the Dealer Managers, or cause the transfer agent or registrar for the Target Securities (respectively, the "Transfer Agent" and "Registrar") to furnish the Dealer Managers, as soon as practicable after the date hereof (to the extent not previously furnished), with cards or lists in reasonable quantities or copies thereof showing the names of persons who were the holders of record or, to the extent available to the Company, the beneficial owners of the Target Securities as of a recent date, together with their addresses, and the number of shares of Target Securities held by them. Additionally, the Company shall use its reasonable best efforts to update, or to cause the Transfer Agent or Registrar to update, such information from time to time during the term of this Agreement as may be reasonably requested by the Dealer Managers. Except as otherwise provided herein, the Dealer Managers agree to use such information only in connection with the Solicitations. The Dealer Managers shall act hereunder as independent contractors and nothing herein contained shall make the Dealer Managers agents of the Company or any of its subsidiaries or the Trust in connection with any Solicitation. Nothing contained in this Agreement shall constitute the Dealer Managers partners of or joint venturers with the Company or any of their subsidiaries or the Trust.

(d) The Company and the Trust authorize the Dealer Managers to use the Offering Materials in connection with the Solicitations and for such period of time as any Offering Materials are required by law to be delivered in connection therewith. The Dealer Managers shall not have any obligation to cause any Offering Materials to be transmitted generally to the holders of the Target Securities. The Dealer Managers agree not to give any written information and not to make any representations to holders of the Target Securities in connection with any Solicitation other than as contained in the Offering Materials.

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

(f) The Company and the Trust agree that any reference to the Dealer Managers in any Offering Materials or in any newspaper announcement or press release or other public document or communication is subject to the Dealer Managers' prior consent, which consent shall not be unreasonably withheld.

3. Compensation. (a) The Company hereby agrees to pay to the Dealer Managers for services rendered and to be rendered by them in connection with the Exchange Offer a fee (the "Management Fee") equal to \$0.125 per share of Target Securities validly submitted for exchange and not withdrawn in connection with the Exchange Offer if fewer than 60% of the Target Securities are validly tendered but not withdrawn and \$0.150 per share of Target Securities validly submitted for exchange and not withdrawn if 60% or more shares of Target Securities are validly tendered and not withdrawn. The Management Fee shall be paid only if the Exchange Offer is consummated, and shall be paid within one week of the consummation of the Exchange Offer. The Management Fee shall be divided 70% to Merrill Lynch and 30% to Smith Barney Inc. (as to each, its "Proportionate Share").

(b) The Company agrees to pay, or cause to be paid to, each soliciting dealer (including any Dealer Managers acting as a soliciting dealer) whose name has been inserted in the space provided in the Letter of Transmittal for that purpose a fee (the "Soliciting Dealer Fee") equal to \$0.50 (\$0.25 with respect to the solicitation of beneficial holders of 10,000 or more shares) per share of Target Securities validly submitted for exchange and not withdrawn in connection with the Exchange Offer; provided, however, that no such fee shall be paid with respect to Target Securities tendered, directly or indirectly, by soliciting dealers for their own account and such fee shall not be remitted, in whole or in part, to the beneficial owner of such Target Securities. The Soliciting Dealer Fee shall be paid only if the Exchange Offer is consummated and shall be paid to the soliciting dealers within one week of the consummation of the Exchange Offer.

4. Expenses, Reimbursement. (a) The Company agrees to reimburse the Dealer Managers directly for all of their reasonable out-of-pocket expenses incurred in connection with the Exchange Offer, including, without limitation, the reasonable fees and expenses of the law firm acting as legal counsel for the Dealer Managers; provided that the Company shall not be obligated to reimburse out-of-pocket expenses for air fare incurred traveling on air carriers other than United Airlines to the extent that United Airlines serves the particular destination for which such air fare is incurred.

(b) Notwithstanding the foregoing, in the event that fewer than 45% of the Target Securities are validly tendered and not withdrawn, each of the Dealer Managers shall reimburse the Company for its Proportionate Share of the fees and expenses incurred by the Company in connection with the Exchange Offer in an aggregate amount equal to the Management Fee and in the event that at least 45% but less than 50% of the Target Securities are validly tendered and not withdrawn, each of the Dealer Managers shall reimburse the Company for its Proportionate Share of the fees and expenses incurred by the Company in connection with the Exchange Offer in an aggregate amount equal to the Management Fee and in the event that at least 45% but less than 50% of the Target Securities are validly tendered and not withdrawn, each of the Dealer Managers shall

reimburse the Company for its Proportionate Share of the fees and expenses incurred by the Company in the Exchange Offer in an aggregate amount equal to (a) the Management Fee less (b) the product of (x) the number of shares of Target Securities validly tendered and not withdrawn, times (y) \$0.125, times (z) a fraction, the numerator of which is the difference between the number of shares of Target Securities validly tendered and not withdrawn and the number of shares which constitutes 45% of the outstanding Target Securities and the denominator of which is 5% of the outstanding shares of Target Securities.

5. Certain Covenants of the Trust and the Company. Each of the Company and the Trust covenants jointly and severally with the Dealer Managers:

(a) To use reasonable efforts to cause the Registration Statement, including any post-effective amendment thereto, to become effective and will notify the Dealer Managers as soon as practicable and, if requested by the Dealer Managers, will confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall have become effective, or any supplement to the Prospectus or any amended Prospectus or any amended or additional Offering Materials shall have been filed, (ii) of the receipt of any comments from the Commission relating to the Exchange Offer, (iii) of any request by the Commission to amend the Registration Statement or amend or supplement the Prospectus or the other Offering Materials or for additional information relating to the Exchange Offer and (iv) of (A) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or (B) the issuance by the Commission of any order preventing or suspending the use of any of the Offering Materials or (C) the suspension of the qualification of the Preferred Securities for offering or sale in connection with the Exchange Offer in any jurisdiction or (D) the institution or threatening of any proceedings for any of such purposes or (E) the occurrence of any event which could cause the Company or the Trust to withdraw, rescind, terminate or modify the Exchange Offer or would permit the Company or the Trust to exercise any right not to accept the Target Securities tendered pursuant to the Exchange Offer. The Company and the Trust will make every reasonable effort to prevent the issuance of any such stop order, the issuance of any order preventing or suspending such use and the suspension of any such qualification and, if any such order is issued or qualification suspended, to obtain the lifting of such order or suspension at the earliest practicable time.

(b) Prior to the termination of the Exchange Offer, before amending or supplementing the Registration Statement or the Prospectus, to furnish copies of drafts to, and consult with, the Dealer Managers and their counsel within a reasonable time in advance of filing with the Commission of any amendment or supplement to the Registration Statement, the Prospectus or the other Offering Materials. Neither the Company nor the Trust shall file any such amendment or supplement to which the Dealer Managers shall reasonably object in writing; provided, however, that the foregoing shall not apply to any of the Company's filings with the Commission required to be filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, copies of which such filings the Company will cause

to be delivered to the Dealer Managers promptly after being transmitted for filing with the Commission.

(c) To furnish promptly to each of the Dealer Managers, without charge, one signed copy of the Registration Statement, all amendments thereto and any other filing with the Commission in connection with the Exchange Offer, whether filed before or after the Registration Statement becomes effective.

(d) To furnish promptly to the Dealer Managers, without charge, from time to time until the effective date of the Registration Statement, as many copies of each preliminary prospectus as the Dealer Managers may reasonably request, and the Company and the Trust hereby consent to the use of such copies for purposes permitted by the Securities Act and the Exchange Act. The Company will furnish promptly to the Dealer Managers, without charge, as soon as the Registration Statement shall have become effective and during the period mentioned in the second sentence of paragraph (e) below such number of copies of the Prospectus and the other Offering Materials (as supplemented or amended) as the Dealer Managers may reasonably request and will cause all amendments and supplements filed with the Commission to be distributed to holders of Target Securities as may be required by the Securities Act and the Exchange Act.

(e) To comply in all material respects with the Securities Act, the Exchange Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), in connection with the Offering Materials, the Exchange Offer and the transactions contemplated hereby and thereby, as applicable. If at any time when the Prospectus is required by the Securities Act or Exchange Act to be delivered in connection with any Solicitation or Exchange any event shall occur or condition shall exist as a result of which it is necessary, in the reasonable opinion of counsel for the Dealer Managers or counsel for the Company and the Trust, to amend the Registration Statement or amend or supplement the Prospectus or any other Offering Materials in order that the Prospectus or such other Offering 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 in the Prospectus or such other Offering Materials, in the light of the circumstances under which they were made, not misleading or if, in the reasonable opinion of either such counsel, it shall be necessary to amend the Registration Statement or amend or supplement the Prospectus or any other Offering Materials to comply with the requirements of the Securities Act or Exchange Act, the Company and the Trust will promptly prepare, file with the Commission, subject to Section 5(b) of this Agreement, and furnish, at its own expense, to the Dealer Managers and to the dealers (whose names and address will be furnished to the Company by the Dealer Managers) to which Preferred Securities may have been exchanged, such amendment or supplement as may be necessary to correct such untrue statement or omission or to make the Registration Statement or the Prospectus or such other Offering Materials comply with such requirements.



(f) To endeavor, in cooperation with the Dealer Managers, to qualify the Preferred Securities for offering and sale in connection with the Exchange Offer under the applicable securities or Blue Sky laws of such jurisdictions as the Company and the Trust may elect and to maintain such qualifications in effect for such time as may be required for the consummation of the Exchange Offer; provided, however, that neither the Company nor the Trust shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject; provided further that the Dealer Managers shall not be obligated to solicit tenders in jurisdictions where the Preferred Securities are not qualified for offer and sale. The Company and the Trust will file such statements and reports as may be required by the laws of each jurisdiction in which the Preferred Securities have been qualified as above provided.

(g) To make generally available to the holders of the TOPrS and 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.

(h) To use its reasonable best efforts to effect the listing of the Preferred Securities on the New York Stock Exchange ("NYSE"), subject to official notice of issuance, as soon as practicable after the date hereof.

(i) To timely file any report or other document required to be filed by the Company or the Trust with the Commission pursuant to Section 13, 14 or 15 of the Exchange Act during the period of time referred to in the second sentence of Section 5(e) hereof.

(j) Subject to Section 4(a) of this Agreement, to pay all costs and expenses incurred in connection with the performance of its obligations in connection with this Agreement and the Solicitations including, without limitation, (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, the preliminary prospectuses, the Prospectus and the other Offering Materials and any amendments or supplements to any of the foregoing, and the cost of furnishing copies thereof to the Dealer Managers, (ii) the preparation and distribution of this Agreement and any Blue Sky surveys and the printing of certificates for the Preferred Securities, (iii) the distribution of the Offering Materials to the holders of the Target Securities, (iv) the fees and disbursements of counsel to the Company and the Trust, counsel to the Dealer Managers and the Company's and the Trust's accountants, (v) the qualification of the Preferred Securities under the applicable securities laws in accordance with Section 5(f) of this Agreement and any filing for review of the Exchange Offer with

the NASD (including filing fees and fees and disbursements of counsel for the Dealer Managers in connection with such filing with the NASD), (vi) the fees and expenses of the Transfer Agent, the Registrar, the Trustees of the Trust (the "Trustees"), the Indenture Trustee (as defined herein), the Information Agent and the Exchange Agent and (vii) all other costs and expenses incident to the Solicitations incurred by the Trust and the Company and its subsidiaries. The Company agrees to pay all of the aforementioned costs and expenses whether or not the Exchange Offer is consummated.

(k) To advise or cause the Exchange Agent to advise the Dealer Managers 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. on such day with respect to Target Securities tendered as follows:

(i) the number of shares of Target Securities 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 Target Securities into the Exchange Agent's account at a Depository Institution (as defined in the Prospectus) pursuant to the procedures set forth in the Exchange Offer) on such day;

(ii) the number of shares of Target Securities represented by Notices of Guaranteed Delivery on such day;

(iii) the number of shares of Target Securities properly withdrawn on such day;

(iv) the cumulative number of shares of Target Securities in categories (i) through (iii) above.

On the day following such oral communication, the Company shall furnish or cause the Exchange Agent to furnish to the Dealer Managers a written report confirming the above information which has been communicated orally. The Company shall furnish or cause the Exchange Agent to furnish to the Dealer Managers such reasonable information on the tendering holders of Targeted Securities as may be requested from time to time.

(l) To give the Dealer Managers notice of any change of the expiration time of the Exchange Offer (the "Expiration Time").

6. Representations and Warranties of the Company and the Trust. Each of the Company and the Trust jointly and severally represent and warrant to and agrees with each of the Dealer Managers that:

(a) Each preliminary prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 of the Securities Act, will comply when so filed, in all material respects, as to form with the Securities Act and the Exchange Act; the Registration Statement at the time it becomes effective and the Prospectus and any other Offering Materials, on the Commencement Date and on the date on which the Company commences delivery of the Preferred Securities for exchange of the Target Securities pursuant to the Exchange Offer (such date, the "Exchange Date"), will comply, in all material respects, as to form with the Securities Act and the Exchange Act; each part of the Registration Statement when such part becomes effective will not contain, and each such part, as amended, if applicable, will not contain, any 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; and as of the Commencement Date and the Exchange Date, none of the Prospectus or the other Offering Materials or any amendments or supplements to such Offering Materials will contain any 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, except that the representations and warranties set forth in this Section 6 (a) do not apply (A) to statements or omissions made based upon and in conformity with information supplied in writing by either of the Dealer Managers through Merrill Lynch, Pierce, Fenner & Smith Incorporated expressly for use in the Registration Statement, Prospectus, any other Offering Materials or any amendments or supplements to any of the foregoing or (B) to that part of the Registration Statement that constitutes the Statements of Eligibility and Qualification on Form T-1 (the "Forms T-1") under the Trust Indenture Act of the trustee (the "Indenture Trustee") under the Indenture (as defined herein), as institutional trustee under the Declaration (as defined herein) and as trustee under the Guarantee.

(b) The Company has the corporate power and authority to execute, deliver and perform its obligations under this Agreement, the Declaration, the Indenture and the Guarantee; and this Agreement has been duly authorized, executed and delivered by the Company.

The Trust has the business trust power and authority to execute, deliver and perform its obligations under this Agreement; and this Agreement has been duly authorized, executed and delivered by the Trust.

The Preferred Securities to be issued pursuant to the Exchange Offer will be duly authorized by the Trust's Amended and Restated Declaration of Trust (the "Declaration") and, when issued in exchange for Target Securities pursuant to the Exchange Offer, will be validly issued and (subject to the terms of the Declaration) fully paid and non-assessable undivided beneficial interests in the assets of the Trust, not subject to any preemptive or similar rights, and will conform in all material respects to all statements relating thereto

contained in the Prospectus. Holders of the Preferred Securities will be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit.

The common securities to be issued by the Trust to the Company as described in the Registration Statement (the "Common Securities") will be duly authorized by the Declaration and, when issued to the Company for cash as described in the Registration Statement, will be validly issued and (subject to the terms of the Declaration) fully paid and non-assessable undivided beneficial interests in the assets of the Trust, not subject to any preemptive or similar rights, and will conform in all material respects to all statements relating thereto contained in the Prospectus.

(c) The Declaration and the Guarantee have been duly authorized by the Company and, as of the Exchange Date, will have been duly executed and delivered by the Company. Assuming due authorization, execution and delivery of the Declaration by the Trustees, the Declaration will, as of the Exchange Date, be a valid and binding obligation of the Company and the Trustees, enforceable against the Company and the Trustees in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), or considerations of public policy or the effect of applicable law relating to fiduciary duties. As of the Exchange Date, the Guarantee will be a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(d) The Indenture between the Company and the Indenture Trustee (including any related supplemental indenture) governing the Debentures to be deposited in the Trust ("Indenture") will be duly qualified under the Trust Indenture Act and, assuming due authorization, execution and delivery of the Indenture by the Indenture Trustee and upon execution and delivery by the Company, will be enforceable against the Company in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) The Debentures to be deposited in the Trust as trust assets in connection with the Exchange Offer have been duly authorized by the Company, and, assuming due authorization, execution and delivery of the Indenture by the Indenture Trustee, when executed and authenticated in accordance with the provisions of the Indenture and delivered to the Trust pursuant to the terms of the Exchange Offer will be entitled to the

benefits of the Indenture and will be valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority and has all licenses, permits, orders and other governmental and regulatory approvals, to own or lease its properties and conduct its business in the jurisdictions in which such business is transacted as described in the Prospectus, with only such exceptions as are not material to the business of the Company and its subsidiaries considered as a whole.

(g) The Trust has been duly created and is validly existing in good standing as a business trust under the Delaware Act, is and will be treated as a "grantor trust" for federal income tax purposes under existing law, has the business trust power and authority to conduct its business as presently conducted and as described in the Prospectus, and is not required to be authorized to do business in any other jurisdiction.

(h) United Airlines, Inc. ("United") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, and all of the issued shares of capital stock of United have been duly and validly authorized and issued, are fully paid and non-assessable, and the shares of United owned by the Company are owned by the Company, directly or indirectly, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, with only such exceptions as are not material to the business of the Company and its subsidiaries considered as a whole.

(i) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform in all material respects to the respective descriptions thereof contained in the Prospectus.

(j) The execution and delivery by the Company and the Trust of, and the performance by the Company and the Trust of their obligations under, this Agreement, the execution and delivery by the Company of, and the performance by the Company of its obligations under, the Declaration, the Guarantee and the Indenture, the issuance and delivery by the Trust of the Common Securities and Preferred Securities and the consummation of the Exchange Offer and the fulfillment of the terms herein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under (in each case material to the Company and its subsidiaries (including the Trust)

considered as a whole or as to the Trust separately), any indenture, mortgage, deed of trust, loan agreement, guarantee, lease, financing agreement or other similar agreement or instrument to which the Company or any of its subsidiaries (including the Trust) is a party or by which the Company or any of its subsidiaries (including the Trust) is bound or to which any of the property or assets of the Company or any of its subsidiaries (including the Trust) is subject, nor will such actions result in any violation of the provisions of the certificate of incorporation or by-laws of the Company or the Declaration of the Trust, nor will such actions result in any violation (in each case material to the Company and its subsidiaries (including the Trust) considered as a whole or as to the Trust separately) of any statute or any order, rule or regulation of any court or regulatory authority or other governmental body having jurisdiction over the Trust or the Company or any of its subsidiaries or any of their properties; and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for, and the absence of which would materially affect, the performance by the Company and the Trust of their obligations under this Agreement, the issuance and delivery of the Preferred Securities and the consummation of the Exchange Offer, except such approvals as will be obtained under the Securities Act, the Exchange Act or the Trust Indenture Act and as may be required by the securities or Blue Sky laws of the various states or the securities laws of non-U.S. jurisdictions in connection with the Exchange Offer.

(k) Except as disclosed in the Prospectus, there are no legal or governmental proceedings pending to which the Trust or the Company or any of its subsidiaries is a party or of which any of the properties of the Trust of the Company or any of its subsidiaries is the subject that is required to be disclosed in the Prospectus or that can reasonably be expected to have a material adverse effect upon the general affairs, financial position, net worth or results of operations of the Trust or the Company and its subsidiaries considered as a whole; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(l) Neither the Trust nor the Company is or, after giving effect to the consummation of the Exchange Offer, will be, and neither the Trust nor the Company is directly or indirectly controlled by, or acting on behalf of any person which is, an investment company within the meaning of the Investment Company Act of 1940, as amended.

(m) Arthur Andersen L.L.P., who have certified certain financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement and the Prospectus, as amended or supplemented, are, to the best knowledge of the Company, independent certified public accountants as required by the Securities Act.

7. Indemnification and Contribution. (a) Each of the Company and the Trust jointly and severally agrees: (A) to indemnify and hold the Dealer Managers

harmless against any loss, damage, expense, liability or claim (i) which (1) with respect to the Registration Statement, is caused by any untrue statement or alleged untrue statement of a material fact contained therein or which is caused by the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (2) with respect to the Offering Materials or in any amendment or supplement thereto, is caused by any untrue statement or alleged untrue statement of a material fact contained in such Offering Materials or which is caused by the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except, in any such case, as to any of the Dealer Managers insofar as such loss, damage, expense, liability or claim is caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to such Dealer Manager furnished to the Company or the Trust in writing through Merrill Lynch, Pierce, Fenner & Smith Incorporated expressly for use in the Registration Statement or in such Offering Materials or (ii) which arises out of or is based upon a withdrawal, rescission or modification of or a failure to make or consummate the Exchange Offer; and (B) to indemnify and hold each of the Dealer Managers harmless against any other loss, damage, expense, liability or claim which otherwise arises out of or is related to this Agreement or the Exchange Offer or the services provided by the Dealer Managers in connection with this Agreement or the Exchange Offer, except to the extent any such loss, damage, expense, liability or claim referred to in this clause (B) is found by a final judgment of a court of competent jurisdiction to have resulted from such Dealer Manager's gross negligence, bad faith or willful misconduct. The Company and the Trust each jointly and severally agree to indemnify and hold each of the Dealer Managers harmless against and reimburse each of the Dealer Managers for any and all reasonable expenses (including reasonable legal fees and expenses) as such expenses are incurred by it in connection with investigating, preparing for or defending against any such loss, damage, expense, liability or claim, whether or not resulting in any liability, whether or not such person is a named party in connection therewith and whether or not such loss, damage, expense, liability or claim results from action initiated or brought by or on behalf of the Company or any of its subsidiaries (including the Trust), and 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 prior written consent of the Company; provided, however, with respect to clause (B) above, that neither the Company nor the Trust shall be liable for any of the foregoing expenses and any amounts previously paid shall be promptly repaid to the extent that any loss, damage, liability or claim is found by a final judgment of a court of competent jurisdiction to have resulted from such Dealer Manager's gross negligence, bad faith or willful misconduct. 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 and the Trust also agree to indemnify and hold you harmless against and to reimburse you for 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 and the Trust, which shall not be unreasonably withheld. The Company and Trust also agree that none of the Dealer Managers shall have any liability (whether direct or indirect, in tort, contract or otherwise) to the Company or any of its subsidiaries (including the Trust) or its or their security holders or creditors related to or arising out of this Agreement or the Exchange Offer or the services provided by such Dealer Manager in connection with this Agreement or the Exchange Offer, except (i) for failure to perform its obligations under this Agreement, (ii) to the extent such liability is found by a final judgment of a court of competent jurisdiction to have resulted from such Dealer Manager's gross negligence, bad faith or willful misconduct or (iii) as expressly provided in the next succeeding paragraph.

Each of the Dealer Managers agrees, severally and not jointly, to indemnify and hold harmless the Company and the Trust to the same extent as the foregoing indemnity from the Company and the Trust to the Dealer Managers contained in Section 7(a)(A)(i) above, but only with reference to information relating to the Dealer Managers furnished to the Company in writing through Merrill Lynch, Pierce, Fenner & Smith Incorporate expressly for use in the Registration Statement or the Offering Materials.

(b) Promptly after receipt by a person indemnified under this Section 7 of notice of any suit, action, proceeding or investigation with respect to which an indemnified party may be entitled to indemnification hereunder, such indemnified person shall notify the person against whom such indemnity may be sought in writing of the commencement or the written assertion thereof; but the omission so to notify such indemnifying person shall not relieve such indemnifying person from any liability which it may have to such indemnified person unless the indemnifying person has been materially prejudiced by such omission. Following such notification, such indemnifying person may elect in writing to assume the defense of such suit, action, proceeding or investigation and, upon such election, such indemnifying person shall not be liable for any legal costs subsequently incurred by such indemnified person (other than reasonable costs of investigation and providing evidence) in connection therewith, unless (i) such indemnifying person has failed to provide counsel reasonably satisfactory to such indemnified person in a timely manner, (ii) counsel which has been provided by such indemnifying person reasonably determines that its representation of such indemnified person would present it with a conflict of interest or (iii) such indemnified person reasonably determines that there may be legal defenses available to it which are different from or in addition to those available to such indemnifying person. In the event of a determination pursuant to clause (i), (ii) or (iii) above, such indemnified person shall be entitled to retain separate counsel of their choice and the fees and expenses of such separate counsel shall be borne by such indemnifying person. Such indemnifying person shall not in any event be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all the Dealer Managers in any one action or group of related actions, except as provided in the immediately preceding sentence. Whether or not such indemnifying person shall have



assumed the defense of any suit, action, proceeding or investigation, the Company, the Trust, and the Dealer Managers agree to cooperate in the defense thereof and shall furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

(c) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified person to the extent provided under subsection (a) above in respect of any losses, damages, expenses, liabilities or claims referred to therein, then the indemnifying person shall contribute to the amount paid or payable by such indemnified person as a result of such losses, damages, expenses, liabilities or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and its subsidiaries (including the Trust) on the one hand and such Dealer Manager on the other from the Exchange Offer or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company and its subsidiaries (including the Trust) on the one hand and such Dealer Manager on the other in connection with any statements or omissions or any other matters which resulted in such losses, damages, expenses, liabilities or claims, as well as any other relevant equitable considerations. The relative benefits received by the Company and its subsidiaries (including the Trust) on the one hand and such Dealer Manager on the other shall be deemed to be in the same proportion as the maximum aggregate liquidation preference of the Preferred Securities issuable pursuant to the Exchange Offer bears to the maximum amount of fees payable to such Dealer Manager (less any expenses payable by such Dealer Manager to the Company) pursuant to Sections 3 and 4 hereof. The relative fault of the Company and its subsidiaries (including the Trust) on the one hand and such Dealer Manager on the other (i) in the case of any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact, shall be determined by reference to, among other things, whether such statement or omission relates to information supplied by the Company or any of its subsidiaries (including the Trust) or their affiliates or such Dealer Manager, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission and (ii) in the case of any other action or omission, shall be determined by reference to, among other things, whether such action or omission was taken or omitted to be taken by the Company or any of its subsidiaries (including the Trust) or their affiliates or by the Dealer Manager, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action or omission. The Company and the Dealer Managers agree that it would not be just and equitable if contribution pursuant to this subsection (c) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this subsection (c). Notwithstanding the provisions of this Section 7(c), no Dealer Manager shall be required to contribute any amount in excess of the fee paid to such Dealer Manager as provided in Section 3 hereof (less any expenses payable by such Dealer Manager to the Company as provided in Section

4 hereof). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. Conditions to Dealer Managers' Obligations. The obligations of the Dealer Managers hereunder are subject as of the Commencement Date and as of the Exchange Date to the accuracy of the representations and warranties of the Company and the Trust contained herein or in certificates of any officer of the Company or Trustee of the Trust delivered pursuant to the provisions hereof, to the performance, in all material respects, by the Company and the Trust of their obligations hereunder to be performed, and to the following additional conditions:

(a) On the Commencement Date and the Exchange Date, the Registration Statement shall have become effective under the Securities Act; no stop order suspending the effectiveness of the Registration Statement shall be in effect, and no proceedings for such purpose shall be pending before or, to the Company's or the Trust's knowledge, threatened by the Commission.

(b) On the Commencement Date and the Exchange Date, since the respective dates as of which information is given in the Prospectus as amended or supplemented, there shall not have occurred any material adverse change, or any development involving a prospective material adverse change, in or affecting particularly the business or assets of the Company and its subsidiaries considered as a whole, or any material adverse change in the financial position or results of operations of the Company and its subsidiaries considered as a whole, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented.

(c) The Dealer Managers shall have received on the Commencement Date and the Exchange Date a certificate, dated such date and signed by an executive officer of the Company, to the effect set forth in clause (b) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of such date and that the Company has complied in all material respects with all of the agreements and satisfied in all material respects all of the conditions on its part to be performed or satisfied on or before such date. The officer signing and delivering such certificate may rely upon the best of such officer's knowledge as to proceedings threatened.

(d) On the Commencement Date and the Exchange Date, there shall not have been since the respective dates as of which information is given in the Registration Statement, any material adverse change, or any development involving a prospective material adverse change, in the financial condition or results of operations of the Trust.

(e) The Dealer Managers shall have received on the Commencement Date and the Exchange Date a certificate, dated such date and signed by a trustee of the Trust, to the effect set forth in clause (d) above and to the effect that the representations and warranties of the Trust contained in this Agreement are true and correct in all material respects as of such date and that the Trust has complied in all material respects with all of the agreements and satisfied in all material respects all of the conditions on its part to be performed or satisfied on or before such date. The trustee signing and delivering such certificate may rely upon knowledge as to proceedings threatened.

(f) On the Exchange Date and, except with respect to paragraph (iv) of this Section 8(f), on the Commencement Date, the Dealer Managers shall receive a signed opinion of Richards, Layton & Finger, Delaware counsel for the Company, dated as of such date, to the effect that:

(i) the Trust has been duly organized and is validly existing in good standing as a business trust under the Delaware Act and has the business trust power and authority to conduct its business as described in the Prospectus;

(ii) assuming due authorization, execution and delivery of the Declaration by the Company and the Trustees, the Declaration is a legal, valid and binding agreement of the Company and the Trustees, enforceable against the Company and the Trustees in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, receivership, fraudulent conveyance, moratorium and other similar laws affecting the rights and remedies of creditors generally as from time to time in effect, general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), or considerations of public policy or the effect of applicable law relating to fiduciary duties;

(iii) under the Declaration and the Delaware Act, the execution and delivery of this Agreement by the Trust, and the performance by the Trust of its obligations hereunder and in the Exchange Offer, have been duly authorized by all requisite business trust action on the part of the Trust;

(iv) the Preferred Securities have been duly authorized by the Declaration and upon issuance will be duly and validly issued and, subject to the terms of the Declaration, fully paid and non-assessable beneficial interests in the assets of the Trust. The holders of Preferred Securities will be, subject to the terms of the Declaration, entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware;

(v) under the Declaration and the Delaware Act, the issuance of the Preferred Securities is not subject to preemptive rights; and

(vi) the statements made in the Prospectus under the caption "Description of the Preferred Securities" insofar as such statements constitute summaries of the legal matters or documents referred to therein, are accurate in all material respects.

(g) On the Exchange Date and, except with respect to paragraphs (vi), (vii) and (viii) of this Section 8(g), on the Commencement Date, the Dealer Managers shall have received a signed opinion of Francesca M. Maher, Vice President - Law, Deputy General Counsel & Corporate Secretary of the Company, or if the Company desires, other counsel satisfactory to the Dealer Managers in their reasonable judgment, dated as of such date, to the effect that:

(i) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power under the laws of such State to own its properties and conduct its business as described in the Prospectus as amended or supplemented;

(ii) the Company is duly qualified to do business and is in good standing in the jurisdictions in which such business is transacted, with only such exceptions as will not have a material adverse effect upon the general affairs, financial position, net worth or results of operations of the Company and its subsidiaries considered as a whole;

(iii) United has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, and all of the issued shares of capital stock of United have been duly and validly authorized and issued, are fully paid and non-assessable, and the shares of United owned by the Company, are owned by the Company, directly or indirectly, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, with only such exceptions as are not material to the business of the Company and its subsidiaries considered as a whole;

(iv) the Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly authorized and issued and are fully paid and non-assessable;

(v) this Agreement and the Declaration have been duly authorized, executed and delivered by the Company;

(vi) the Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(vii) the Debentures have been duly authorized, executed and delivered by the Company and, when authenticated in accordance with the provisions of the Indenture and delivered to the Trust in exchange for the Preferred Securities and money pursuant to the terms of the Exchange Offer, 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 the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(viii) the Guarantee has been duly authorized and executed by the Company, and constitutes a valid and binding agreement of the Company enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(ix) the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Declaration, the Indenture, the Debentures and the Guarantee and the consummation of the Exchange Offer and the fulfillment of the terms herein contemplated (including the issuance of the Preferred Securities by the Trust) will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under (in each case material to the Trust or to the Company and its subsidiaries (including the Trust) considered as a whole), any indenture, mortgage, deed of trust, loan agreement, guarantee, lease financing agreement or other similar agreement or instrument known to such counsel under which the Company or any of its subsidiaries (including the Trust) is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such actions result in any violation of the provisions of the certificate of incorporation or by-laws of the Company or the Declaration, nor will such actions result in any violation (in each case material to the Trust or to the Company and its subsidiaries (including the Trust) considered as a whole) of any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Trust or the Company or any of its subsidiaries or any of their properties (other than the securities or Blue Sky laws of the various states as to which such counsel expresses no opinion);

(x) such counsel does not know of any legal or governmental proceeding pending to which the Trust, the Company or United is a party or of which any property of the Trust, the Company or any of such subsidiaries is the subject required to be disclosed in the Prospectus that are not disclosed as required, and no such proceedings are known by such counsel to be threatened or contemplated by governmental authorities or threatened by others;

(xi) such counsel does not know of any contract or other document of a character required to be filed as an exhibit to the Registration Statement or required to be incorporated by reference into the Prospectus or required to be described in the Registration Statement or the Prospectus which is not filed or incorporated by reference or described as required;

(xii) the documents incorporated by reference in the Prospectus or any further amendment or supplement thereto made by the Company or the Trust prior to the Exchange Date (other than the financial statements and related schedules and other financial data contained or incorporated by reference therein or omitted therefrom, as to which such counsel need not express any opinion), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Exchange Act.

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 Prospectus and the documents incorporated by reference therein and no facts have come to such counsel's attention that leads her to believe that 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 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) 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, 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.

(h) On the Exchange Date and, except with respect to paragraphs (ii), (iii) and (iv) of this Section 8(h), on the Commencement Date, the Dealer Managers shall have received a signed opinion of Mayer, Brown & Platt, or if the Company desires, other counsel satisfactory to the Dealer Managers in their reasonable judgement, dated as of such date, to the effect that:

(i) this Agreement and the Declaration have been duly authorized, executed and delivered by the Company;

(ii) the Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iii) the Debentures have been duly authorized, executed and delivered by the Company and, when authenticated in accordance with the provisions of the Indenture and delivered to the Trust in exchange for the Preferred Securities and money pursuant to the terms of the Exchange Offer, 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 the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iv) the Guarantee has been duly authorized and executed by the Company, and constitutes a valid and binding agreement of the Company enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(v) the Indenture has been duly qualified under the Trust Indenture Act;

(vi) the statements made in the Prospectus under the captions "Description of the Preferred Securities Guarantee," "Description of the Junior Subordinated Debentures" and "Description of the Series B Preferred Securities Depository Shares," insofar as such statements constitute summaries of the legal matters or documents referred to therein are accurate in all material respects;

(vii) neither the Company nor the Trust is, or, after giving effect to the consummation the Exchange Offer, will be, and neither the Company nor the Trust is directly or indirectly controlled by, or acting on behalf of any person which is, an investment company within the meaning of the Investment Company Act of 1940, as amended.

(viii) the documents incorporated by reference in the Prospectus or any further amendment or supplement thereto made by the Company or the Trust prior to the Exchange Date (other than the financial statements and related schedules and other financial data contained or incorporated by reference therein or omitted therefrom, as to which such counsel need not express any opinion), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Exchange Act;

(ix) 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 has been issued and no proceeding for that purpose has been instituted or threatened by the Commission; the Registration Statement and the Prospectus and any further amendments and supplements thereto made by the Company or the Trust prior to the Exchange Date (other than the financial statements and related schedules and other financial data contained in the Registration Statement or the Prospectus or any further amendments or supplements thereto, or omitted therefrom, and other than that part of the Registration Statement that constitutes the Forms T-1, as to which such counsel need not express any opinion) comply as to form in all material respects with the requirements of the Securities Act.

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 States of New York and 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 and the Prospectus and no facts have come to such counsel's attention that leads such counsel to believe that 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, 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.



(i) On the Commencement Date and on the Exchange Date, the Dealer Managers shall have received a signed opinion of Mayer, Brown & Platt, tax counsel to the Trust, confirming their opinion under the caption "Taxation" in the Prospectus.

(j) The Dealer Managers shall have received the favorable opinion of Skadden, Arps, Slate, Meagher & Flom counsel for the Dealer Managers, dated as of the Commencement Date and the Exchange Date, covering the incorporation and legal existence of the Company, the issuance and delivery of the Preferred Securities (on the Exchange Date only), this Agreement, the Indenture, the Debentures, the Guarantee, the Registration Statement, the Prospectus and such other related matters as the Dealer Managers may require. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and Delaware, and the federal law of the United States, upon the opinions of counsel satisfactory to the Dealer Managers. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company, trustees of the Trust and certificates of public officials.

(k) On the Commencement Date, the Dealer Managers shall have received from the Company's independent public accountants, in form and substance reasonably satisfactory to the Dealer Managers and dated as of such date, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Prospectus.

(l) At the Exchange Date, the Dealer Managers shall have received from the Company's independent public accountants, in form and substance reasonably satisfactory to the Dealer Managers and dated as of such dates, to the effect that such accountants reaffirm the statements made in the letter furnished pursuant to Section 8(k).

(m) At the Exchange Date, the Preferred Securities shall have been duly listed, subject to official notice of issuance, on the NYSE.

(n) By the Exchange Date, the Company shall have entered into appropriate agreements with the Information Agent and the Exchange Agent for purposes of the Exchange Offer.

#### 9. Termination.

(a) This Agreement shall terminate upon the earliest to occur of (i) the Exchange Date, (ii) the date on which the Dealer Managers give notice to the Company and the Trust that any of the conditions specified in Section 8 have not been fulfilled as of any date such conditions are required to be fulfilled pursuant to Section 8 or (iii) the date on

which the Company terminates or withdraws the Exchange Offer for any reason (the earliest to occur of clauses (i), (ii) or (iii) being referred to as the "Termination Date").

(b) Notwithstanding termination of this Agreement pursuant to subsection (a) of this Section 9, the obligations of the Company to compensate and/or reimburse, as applicable, the Dealer Managers pursuant to Section 3, 4 or 5, the representations and warranties contained in Section 6 and the provisions of Section 7 shall survive any termination of this Agreement.

10. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered, mailed or transmitted by any standard form of telecommunication. Notices to the Dealer Managers shall be directed to Merrill Lynch & Co., World Financial Center, North Tower, New York, New York 10281-1305, attention Syndicate Operations, with a copy to \_\_\_\_\_, and notices to the Company and the Trust shall be directed to \_\_\_\_\_. Any notice under Section 7 hereof may be made by telex or telephone, but if so made, shall be subsequently confirmed promptly in writing.

11. Tombstone. The Company and the Trust acknowledge that the Dealer Managers may, with the prior review and approval of the Company, which approval shall not be unreasonably withheld, place an announcement in such newspapers and periodicals as the Dealer Managers may choose, stating that the Dealer Managers are or were acting as dealer manager and financial advisors to the Company and the Trust in connection with the Exchange Offer. The costs relating to any such tombstone shall be borne by the Dealer Managers.

12. Survival of Certain Provisions. The representations, warranties, indemnities and agreements of the Company and the Trust will remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Dealer Managers or any affiliate or controlling person thereof and, subject to Section 9(b), will survive the consummation of the Exchange Offer.

13. Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of New York.

14. Counterparts. This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Agreement.

15. Successors. This Agreement is made solely for the benefit of the Dealer Managers, the Company and the Trust and, to the extent expressed, the parties indemnified pursuant to Section 7, and no other persons shall acquire or have any right

under or by virtue of this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and assigns, and, to the extent expressly set forth herein, the parties indemnified pursuant to Section 7 hereof, any rights or remedies under or by reason of this Agreement. Without limiting the generality of the foregoing, the parties acknowledge that nothing in this Agreement, expressed or implied, is intended to confer on holders of the securities of the Trust, the Company or any of its subsidiaries or creditors of the Company or any of its subsidiaries or the respective successors and assigns of such creditors, any rights or remedies under or by reason of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement among the Company, the Trust and the Dealer Managers in accordance with its terms.

Very truly yours,

UAL CORPORATION

By: \_\_\_\_\_

UAL CORPORATION CAPITAL TRUST I

By: UAL Corporation, as sponsor

By: \_\_\_\_\_

Confirmed and accepted as of the date first above written:

MERRILL LYNCH & CO.  
MERRILL LYNCH, PIERCE, FENNER  
& SMITH INCORPORATED

SMITH BARNEY INC.

+  
By: Merrill Lynch, Pierce, Fenner  
& Smith Incorporated

By: \_\_\_\_\_

=====

UAL CORPORATION, Issuer

to

THE FIRST NATIONAL BANK OF CHICAGO, Trustee

\_\_\_\_\_

INDENTURE

Dated as of \_\_\_\_\_, 1996

\_\_\_\_\_

Providing for Issuance of  
Junior Subordinated Debt Securities in Series

=====

TABLE OF CONTENTS  
-----

	Page ----
ARTICLE 1 -	1
Definitions and Other Provisions of General Application . . . . .	1
1.1. Definitions . . . . .	1
1.2. Compliance Certificates and Opinions . . . . .	13
1.3. Form of Documents Delivered to Trustee . . . . .	14
1.4. Acts of Holders . . . . .	15
1.5. Notices, etc., to Trustee and Company . . . . .	16
1.6. Notice to Holders; Waiver . . . . .	17
1.7. Headings and Table of Contents . . . . .	18
1.8. Successors and Assigns . . . . .	18
1.9. Separability . . . . .	18
1.10. Benefits of Indenture . . . . .	18
1.11. Governing Law . . . . .	18
1.12. Legal Holidays . . . . .	18
1.13. Trustee to Establish Record Dates . . . . .	19
1.14. No Recourse Against Others . . . . .	19
ARTICLE 2 -	19
Security Forms . . . . .	19
2.1. Forms Generally . . . . .	19
2.2. Form of Trustee's Certificate of Authentication . . . . .	20
2.3. Securities in Global Form . . . . .	20
2.4. Form of Legend for Securities in Global Form. . . . .	21
ARTICLE 3 -	22
The Securities . . . . .	22
3.1. Amount Unlimited; Issuable in Series . . . . .	22
3.2. Denominations . . . . .	26
3.3. Execution, Authentication, Delivery and Dating . . . . .	26
3.4. Temporary Securities . . . . .	30
3.5. Registration, Registration of Transfer and Exchange . . . . .	31
3.6. Replacement Securities . . . . .	35
3.7. Payment of Interest; Interest Rights Preserved . . . . .	36
3.8. Persons Deemed Owners . . . . .	38
3.9. Cancellation . . . . .	39
3.10. Computation of Interest . . . . .	39
3.11. Currency and Manner of Payment in Respect of Securities . . . . .	40
3.12. Appointment and Resignation of Exchange Rate Agent . . . . .	44
3.13. CUSIP Numbers . . . . .	45
ARTICLE 4 -	45
Satisfaction, Discharge and Defeasance . . . . .	45

4.1.	Termination of Company's Obligations Under the Indenture . . . . .	45
4.2.	Application of Trust Funds . . . . .	47
4.3.	Applicability of Defeasance Provisions; Company's Option to Effect Defeasance or Covenant Defeasance . . . . .	47
4.4.	Defeasance and Discharge . . . . .	48
4.5.	Covenant Defeasance . . . . .	48
4.6.	Conditions to Defeasance or Covenant Defeasance . . . . .	49
4.7.	Deposited Money and Government Obligations to Be Held in Trust . . . . .	51
4.8.	Transfers and Distribution at Company Request . . . . .	52
ARTICLE 5 - Defaults and Remedies . . . . .		53
5.1.	Events of Default . . . . .	53
5.2.	Acceleration; Rescission and Annulment . . . . .	54
5.3.	Collection of Indebtedness and Suits for Enforcement by Trustee . . . . .	54
5.4.	Trustee May File Proofs of Claim . . . . .	55
5.5.	Trustee May Enforce Claims Without Possession of Securities . . . . .	55
5.6.	Delay or Omission Not Waiver . . . . .	55
5.7.	Waiver of Past Defaults . . . . .	55
5.8.	Control by Majority . . . . .	56
5.9.	Limitation on Suits by Holders . . . . .	56
5.10.	Rights of Holders to Receive Payment . . . . .	57
5.11.	Application of Money Collected . . . . .	57
5.12.	Restoration of Rights and Remedies . . . . .	58
5.13.	Rights and Remedies Cumulative . . . . .	58
5.14.	Undertaking for Costs . . . . .	58
5.15.	Action Respecting Securities Held in UAL Corporation Capital Trust . . . . .	58
ARTICLE 6 - The Trustee . . . . .		59
6.1.	Certain Duties and Responsibilities . . . . .	59
6.2.	Rights of Trustee . . . . .	60
6.3.	Trustee May Hold Securities . . . . .	61
6.4.	Money Held in Trust . . . . .	61
6.5.	Trustee's Disclaimer . . . . .	62
6.6.	Notice of Defaults . . . . .	62
6.7.	Reports by Trustee to Holders . . . . .	62
6.8.	Securityholder Lists . . . . .	62
6.9.	Compensation and Indemnity . . . . .	63
6.10.	Replacement of Trustee . . . . .	64
6.11.	Acceptance of Appointment by Successor . . . . .	65
6.12.	Eligibility; Disqualification . . . . .	67
6.13.	Merger, Conversion, Consolidation or Succession to Business . . . . .	67
6.14.	Appointment of Authenticating Agent . . . . .	67

6.15.	Trustee's Application for Instructions from the Company . . . . .	69
ARTICLE 7 -	Consolidation, Merger or Sale by the Company . . . . .	70
ARTICLE 8 -	Supplemental Indentures . . . . .	70
8.1.	Supplemental Indentures Without Consent of Holders . . . . .	70
8.2.	Supplemental Indentures With Consent of Holders . . . . .	72
8.3.	Compliance with Trust Indenture Act . . . . .	73
8.4.	Execution of Supplemental Indentures . . . . .	73
8.5.	Effect of Supplemental Indentures . . . . .	74
8.6.	Reference in Securities to Supplemental Indentures . . . . .	74
ARTICLE 9 -	Covenants . . . . .	74
9.1.	Payment of Principal, Premium, If Any, and Interest . . . . .	74
9.2.	Maintenance of Office or Agency . . . . .	74
9.3.	Money for Securities to Be Held in Trust; Unclaimed Money . . . . .	76
9.4.	Corporate Existence . . . . .	77
9.5.	Insurance . . . . .	77
9.6.	Reports by the Company . . . . .	78
9.7.	Annual Review Certificate . . . . .	77
9.8.	Limitation on Dividends and Capital Stock Acquisitions . . . . .	78
9.9.	Notice of Default . . . . .	79
ARTICLE 10 -	Redemption . . . . .	79
10.1.	Applicability of Article . . . . .	79
10.2.	Election to Redeem; Notice to Trustee . . . . .	79
10.3.	Selection of Securities to Be Redeemed . . . . .	80
10.4.	Notice of Redemption . . . . .	80
10.5.	Deposit of Redemption Price . . . . .	81
10.6.	Securities Payable on Redemption Date . . . . .	82
10.7.	Securities Redeemed in Part . . . . .	83
ARTICLE 11 -	Sinking Funds . . . . .	83
11.1.	Applicability of Article . . . . .	83
11.2.	Satisfaction of Sinking Fund Payments with Securities . . . . .	83
11.3.	Redemption of Securities for Sinking Fund . . . . .	84
ARTICLE 12 -	Subordination of Securities . . . . .	84
12.1.	Securities Subordinated to Senior Indebtedness . . . . .	84



12.2.	Company Not to Make Payments with Respect to Securities in Certain Circumstances; Limitations on Acceleration of Securities . . . . .	85
12.3.	Securities Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of the Company . . . . .	87
12.4.	Holder to Be Subrogated to Rights of Holders of Senior Indebtedness . . . . .	89
12.5.	Obligation of the Company Unconditional . . . . .	89
12.6.	Knowledge of Trustee . . . . .	90
12.7.	Application by Trustee of Moneys Deposited with It . . . . .	91
12.8.	Subordination Rights Not Impaired by Acts or Omissions of Company or Holders of Senior Indebtedness . . . . .	91
12.9.	Holder Authorize Trustee to Effectuate Subordination of Securities . . . . .	91
12.10.	Right of Trustee to Hold Senior Indebtedness . . . . .	92
12.11.	Article 12 Not to Prevent Events of Default . . . . .	92
12.12.	Paying Agents Other Than the Trustee . . . . .	92
12.13.	Trustee's Compensation Not Prejudiced . . . . .	93
12.14.	Trust Moneys Not Subordinated . . . . .	93
12.15.	Reliance on Judicial Order or Certificate of Liquidating Agent. . . . .	93
12.16.	Trustee Not Fiduciary for Holders or Senior Indebtedness of the Company . . . . .	93

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

Trust Indenture Act of 1939 Section -----	Indenture Section -----
310(a)(1) . . . . .	6.12
(a)(2) . . . . .	6.12
(a)(3) . . . . .	TIA
(a)(4) . . . . .	Not applicable
(a)(5) . . . . .	TIA
(b) . . . . .	6.10; 6.12; TIA
311(a) . . . . .	TIA
(b) . . . . .	TIA
312(a) . . . . .	6.8
(b) . . . . .	TIA
(c) . . . . .	TIA
313(a) . . . . .	6.7; TIA
(b) . . . . .	TIA
(c) . . . . .	TIA
(d) . . . . .	TIA
314(a) . . . . .	9.6; 9.7; TIA
(b) . . . . .	Not Applicable
(c)(1) . . . . .	1.2
(c)(2) . . . . .	1.2
(c)(3) . . . . .	Not Applicable
(d) . . . . .	Not Applicable
(e) . . . . .	TIA
(f) . . . . .	TIA
315(a) . . . . .	TIA
(b) . . . . .	6.6
(c) . . . . .	TIA
(d)(1) . . . . .	TIA
(d)(2) . . . . .	TIA
(d)(3) . . . . .	TIA
(e) . . . . .	TIA
316(a)(last sentence) . . . . .	1.1
(a)(1)(A) . . . . .	5.2; 5.8
(a)(1)(B) . . . . .	5.7
(b) . . . . .	5.9; 5.10
(c) . . . . .	TIA
317(a)(1) . . . . .	5.3

	(a)(2) . . . . .	5.4
	(b) . . . . .	9.3
318	(a) . . . . .	1.11
	(b) . . . . .	TIA
	(c) . . . . .	1.11; TIA

-----

This reconciliation and tie section does not constitute part of the Indenture.

INDENTURE, dated as of \_\_\_\_\_, 1996, among UAL CORPORATION, a Delaware corporation (the "Company"), as issuer, and THE FIRST NATIONAL BANK OF CHICAGO, a national banking association, 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 junior 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 this Indenture a valid agreement of the Company, in accordance with 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.

"Common Securities" shall mean the common undivided beneficial interests in the assets of the applicable UAL Corporation Capital Trust.

"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 principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of original execution of this Indenture is located at One First National Plaza, Suite 0126, Chicago, Illinois 60670, Attention: Corporate trust Administration, except that, with respect to presentation of the Securities for payment or registration of transfers or exchanges and the location of the register, such term means the office or agency of the Trustee at which at any particular time its corporate agency business shall be conducted, which at the date of original execution of this Indenture is located as c/o First Chicago Trust Company of New York, 14 Wall Street-8th Floor-Window 2, New York, New York 10005.

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

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

"Declaration of Trust" shall mean the Declaration of Trust of the UAL Corporation Capital Trust, if any, specified in the applicable Board Resolution or supplemental indenture establishing a particular series of Securities pursuant to Section 3.01 hereof.

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

"Depository", 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 Depository by the Company pursuant to Section 3.1 until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter shall mean or include each Person which is then a Depository 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 depository 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, if any, 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, if any, 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.

"Preferred Securities" means the preferred undivided beneficial interests in the assets of the applicable UAL Corporation Capital Trust.

"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.

"Security Exchange," when used with respect to the Securities of any series which are held as trust assets of a UAL Corporation Capital Trust pursuant to the Declaration of Trust of such UAL Corporation Capital Trust, shall mean the distribution

of the Securities of such series by such UAL Corporation Capital Trust in exchange for the Preferred Securities and Common Securities of such UAL Corporation Capital Trust in dissolution of such UAL Corporation Capital Trust pursuant to the Declaration of Trust of such UAL Corporation Capital Trust.

"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, and, in particular, the Securities shall rank pari passu with all other debt securities and guarantees in respect of those debt securities issued to any other UAL Corporation Capital Trust or any indebtedness of the Company to a Subsidiary.

"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, if any, 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, if any, 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.

"UAL Corporation Capital Trust" shall mean any statutory business trust created under the laws of the State of Delaware specified in the applicable Board Resolution or

supplemental indenture establishing a particular series of Securities pursuant to Section 3.1 hereof.

"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 depository, 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 depository, 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 proceeding 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, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. 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 or 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, if any, 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, premium, if any, or interest, if any, 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 or 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



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, if any, 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 any provision for the extension or deferral thereof 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 Depository 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, and 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, as such form of Company Order may be revised from time to time.

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 Depository for such Security or Securities in global form or the nominee of such Depository and (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instruction.

Each Depository 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 Depository, 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 Depository is so registered. Each Depository shall enter into an agreement with the Trustee governing the respective duties and rights of such Depository 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 Depository for such series to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor Depository for such series or a nominee of such successor Depository.

If at any time the Depository for the Securities of a series notifies the Company that it is unwilling or unable to continue as Depository for the Securities of such series or if at any time the Depository for the Securities of such series shall no longer be eligible under Section 3.3, the Company shall appoint a successor Depository with respect to the Securities of such series. If a successor Depository 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 Depository 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 Depository. Thereupon, the Company shall execute, and

the Trustee shall authenticate and deliver, without service charge,

(i) to each Person specified by such Depository 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 Depository 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 Depository 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, if any, 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 shall return all such cancelled Securities 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.

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,

(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, if any, 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, if any, and, to the extent that payment of any 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, if any, 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, if any, 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, if any, upon presentation of the Securities and any coupons appertaining thereto 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, if any, 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, if any, 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.

Section 5.14. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company, and any provision of the Trust Indenture Act to such effect is hereby expressly excluded from this Indenture, as permitted by the Trust Indenture Act.

Section 5.15. Action Respecting Securities Held in UAL Corporation Capital Trust. With respect to any series of Securities held as trust assets of a UAL Corporation Capital Trust and with respect to which a Security Exchange has not theretofore occurred, any authorization, approval, consent, request, notice, waiver or other action of Holders required or permitted to be taken under this Indenture or pursuant to the terms of any Security, in addition to any other authorization, approval, consent, request, notice, waiver or other action required hereunder, will require such authorization, approval, consent, request, notice, waiver or other action of holders of

the Preferred Securities and the Common Securities of such UAL Corporation Capital Trust as may be required under the Declaration of Trust of such UAL Corporation Capital Trust.

## 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 to in writing 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. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

Section 6.7. Reports by Trustee to Holders. (a) 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.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange, if any, upon which the Securities are listed, with the Commission and with the Company. The Company will promptly notify the Trustee when the Securities are listed on any stock exchange.

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 to in writing 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 and any predecessor Trustee for, and hold it harmless against, any loss, liability or expense, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee), 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, if any, 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;

(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.

Dated: \_\_\_\_\_

The First National Bank of Chicago,  
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;
- (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;

(3) to add any additional Events of Default with respect to all or any series of Securities;

(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;

(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;

(6) to secure the Securities;

(7) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 3.1;

(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;

(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, (except that a valid extension of an interest payment period by the Company in accordance with the terms of any indenture supplemental hereto, shall not constitute a change for this purpose) 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 of 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 Section 8.2 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.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; provided, that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 90 days after such record date, any such consent previously given shall automatically and without further action by any Holder be cancelled and of no further effect.

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, if any, 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, if any, 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, if any, 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, if any, 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, if any, 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, if any, 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.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

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 Securities 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 Securities and all principal and premium, if any, then due and payable on the Securities 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.

Section 9.9. Notice of Default. The Company shall file with the Trustee written notice of the occurrence of any Default or Event of Default within 30 Business Days of its becoming aware of any such Default or Event of Default.

## 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, if any, 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, if any, 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, premium, if any, or interest, if any, 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, if any, 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, if any, 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 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, if any, 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, if any, 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 (and premium, if any) and interest, if any, 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, if any, 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, if any, 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, premium if any, and interest, if any, 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.

## SECTION 12.15. Reliance on Judicial Order or Certificate of

Liquidating Agent. Upon any payment or distribution of assets of the Company referred to in this Article Twelve, the Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness 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 Twelve.

## SECTION 12.16. Trustee Not Fiduciary for Holders or Senior

Indebtedness of the Company. The Trustee shall not be deemed to owe any fiduciary duty to the Holders of any Senior Indebtedness and shall not be liable to any such holders if the Trustee shall in good faith mistakenly pay over or distribute to Holders of Securities or to the Company or to any other person cash, property or securities to which any holders of Senior Indebtedness of the Company shall be entitled by virtue of this Article Twelve or otherwise. The Trustee shall not be charged with knowledge of the existence of Senior Indebtedness of the Company or of any facts that would prohibit any payment hereunder unless a Responsible Officer of the Trustee shall have received notice to that effect at the address of the Trustee, provided that the Trustee shall be deemed to have knowledge of the existence of any Senior Indebtedness to which it acts as Trustee. With respect to the holders of Senior Indebtedness of the Company, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in this Article Twelve and no implied covenants or



obligations with respect to holders of Senior Indebtedness of the Company shall be read into this Indenture against the Trustee.

---

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:

Attest:

\_\_\_\_\_  
Title:

THE FIRST NATIONAL BANK OF CHICAGO,  
TRUSTEE

By: \_\_\_\_\_  
Title:

Attest:

\_\_\_\_\_  
Title:

## DECLARATION OF TRUST

DECLARATION OF TRUST, dated as of October 15, 1996, between UAL Corporation, a Delaware corporation, as Sponsor, and The First National Bank of Chicago, a national banking association, as trustee (the "Property Trustee") and First Chicago Delaware Inc., a Delaware corporation not in its individual capacity but solely as trustee (the "Delaware Trustee") (the Property Trustee and the Delaware Trustee collectively referred to herein as the "Trustees"). The Sponsor and the Trustees hereby agree as follows:

1. The trust created hereby shall be known as "UAL Corporation Capital Trust I," in which name the Trustees, or the Sponsor to the extent provided herein, may conduct the business of the Trust, make and execute contracts, and sue and be sued.

2. The Sponsor hereby assigns, transfers, conveys and sets over to the Trustees the sum of \$10. The Trustees hereby acknowledge receipt of such amount in trust from the Sponsor, which amount shall constitute the initial trust estate. The Trustees hereby declare that they will hold the trust estate in trust for the Sponsor. It is the intention of the parties hereto that the Trust created hereby constitute a business trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. Sec. 3801 et seq. (the "Business Trust Act"), and that this document constitute the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a certificate of trust with the Delaware Secretary of State in substantially the form attached hereto.

3. The Sponsor and the Trustees will enter into an amended and restated declaration of trust, satisfactory to each such party and substantially in the form to be included as Exhibit 4.4 to the Registration Statement referred to below, to provide for the contemplated operation of the Trust created hereby and the issuance of the Preferred Securities and Common Securities referred to therein. Prior to the execution and delivery of such amended and restated declaration of trust, the Trustees shall not have any duty or obligation hereunder or with respect to the trust estate, except as otherwise required by applicable law or as may be necessary to obtain prior to such execution and delivery any licenses, consents or approvals required by applicable law or otherwise.

4. The Sponsor and the Trustees hereby authorize and direct the Sponsor, as the sponsor of the Trust, (i) to file with the Securities and Exchange Commission (the "Commission") and execute, in each case on behalf of the Trust, (a) a Registration Statement on Form S-4 (the "Registration Statement") and any pre-

effective or post-effective amendments to such Registration Statement, relating to the registration under the Securities Act of 1933, as amended, of the Preferred Securities of the Trust, (b) a Registration Statement on Form 8-A (the "1934 Act Registration Statement") (including all pre-effective and post-effective amendments thereto) relating to the registration of the Preferred Securities of the Trust under Section 12(b) of the Securities Exchange Act of 1934, as amended and (c) an Issuer Tender Offer Statement on Schedule 13E-4 and any other tender offer statement required to be filed by the Trust with the Commission (including, if necessary, Schedule 14D-1) relating to the exchange offer (the "Offer") described in the Registration Statement (collectively, the "Tender Offer Schedules") and any amendment or supplement thereto; (ii) to file with the New York Stock Exchange and execute on behalf of the Trust a listing application and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the Preferred Securities to be listed on the New York Stock Exchange; (iii) to file and execute on behalf of the Trust such applications, reports, surety bonds, irrevocable consents, appointments of attorneys for service of process and other papers and documents as shall be necessary or desirable to register the Preferred Securities under the securities or "Blue Sky" laws of such jurisdictions as the Sponsor, on behalf of the Trust, may deem necessary or desirable and (iv) to execute on behalf of the Trust that certain Dealer Manager Agreement among the Trust, the Sponsor, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Smith Barney Inc. relating to the Offer, substantially in the form to be included as Exhibit 1 to the Registration Statement. In the event that any filing referred to in clauses (i)-(iii) above is required by the rules and regulations of the Commission, the New York Stock Exchange or state securities or blue sky laws, to be executed on behalf of the Trust by the Trustees, the Sponsor is hereby authorized and directed to join in any such filing and to execute on behalf of the Trust any and all of the foregoing, it being understood that The First National Bank of Chicago and First Chicago Delaware, Inc., in their capacities as Trustees of the Trust shall not be required to join in any such filing or execute on behalf of the Trust any such document unless required by the rules and regulations of the Commission, the New York Stock Exchange or state securities or blue sky laws. In connection with all of the foregoing, the Sponsor and the Trustees, solely in their capacities as trustees of the Trust, hereby constitute and appoint UAL Corporation, as his, her or its, as the case may be, true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the Sponsor or such Trustee or in the Sponsor's or such Trustee's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to the Registration Statement, the 1934 Act Registration Statement and the Tender Offer Schedules

and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as the Sponsor or such Trustee might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, shall do or cause to be done by virtue hereof.

5. This Declaration of Trust may be executed in one or more counterparts.

6. The number of Trustees initially shall be two (2) and thereafter the number of Trustees shall be such number as shall be fixed from time to time by a written instrument signed by the Sponsor which may increase or decrease the number of Trustees; provided that to the extent required by the Business Trust Act, one Trustee shall either be a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware. Subject to the foregoing, the Sponsor is entitled to appoint or remove without cause any Trustee at any time. The Trustees may resign upon thirty days prior notice to the Sponsor. The Delaware Trustee shall be a Trustee hereunder for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Business Trust Act.

7. This Declaration of Trust shall be governed by the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by such laws.

\* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Declaration of Trust to be duly executed as of the day and year first above written.

UAL CORPORATION,  
as Sponsor

By: /s/ Francesca M. Maher  
-----  
Name: Francesca M. Maher  
Title: Vice President - Law and  
Corporate Secretary

The First National Bank of Chicago,  
as Trustee

By: /s/ Richard D. Manella  
-----  
Name: Richard D. Manella  
Title: Vice President

First Chicago Delaware Inc.,  
as Trustee

By: /s/ Steven M. Wagner  
-----  
Name: Steven M. Wagner  
Title: Vice President

CERTIFICATE OF TRUST  
OF  
UAL CORPORATION CAPITAL TRUST I

This Certificate of Trust of UAL Corporation Capital Trust I (the "Trust"), dated October 15, 1996, is being duly executed and filed by the undersigned, as trustees, to form a business trust under the Delaware Business Trust Act (12 Del.C. Sec. 3801 et seq.).

- 1. Name. The name of the business trust formed hereby is UAL Corporation Capital Trust I.
- 2. Delaware Trustee. The name and business address of the trustee of the Trust with a principal place of business in the State of Delaware are First Chicago Delaware Inc., a Delaware corporation, 300 King Street, Wilmington, Delaware 19801.
- 3. Effective Date. This Certificate of Trust shall be effective as of its filing.

IN WITNESS WHEREOF, the undersigned, being the trustees of the Trust at the time of filing this Certificate of Trust, have executed this Certificate of Trust as of the date first above written.

The First National Bank of Chicago,  
as trustee

By: /s/ Richard D. Manella  
-----  
Name: Richard D. Manella  
Title: Vice President

First Chicago Delaware Inc.,  
as trustee

By: /s/ Steven M. Wagner  
-----  
Name: Steven M. Wagner  
Title: Vice President

AMENDED AND RESTATED  
DECLARATION OF TRUST

of

UAL Corporation Capital Trust I

\_\_\_\_\_, 1996

AMENDED AND RESTATED DECLARATION OF TRUST ("Declaration") dated and effective as of \_\_\_\_\_, 1996 by the undersigned trustees (together with all other Persons from time to time duly appointed and serving as trustees in accordance with the provisions of this Declaration, the "Trustees"), UAL Corporation, a Delaware corporation, as trust sponsor ("UAL" or the "Sponsor") and the holders from time to time of undivided interests in the assets of the Trust (as hereinafter defined).

WHEREAS, the Sponsor and the Trustees entered into a Declaration of Trust dated as of October 15, 1996 (the "Original Declaration") in order to establish a statutory business trust (the "Trust") under the Business Trust Act (as hereinafter defined);

WHEREAS, the Certificate of Trust (the "Certificate of Trust") of the Trust was filed with the office of the Secretary of State of the State of Delaware on October 15, 1996;

WHEREAS, the Trustees and the Sponsor desire to continue the Trust pursuant to the Business Trust Act for the purpose of, as described more fully in Section 3.3 hereof, (i) issuing Preferred Securities (as hereinafter defined) representing undivided beneficial interests in the assets of the Trust in exchange for Depositary Shares ("Depositary Shares") each representing 1/1,000 of a share of 12-1/4% Series B Preferred Stock (as hereinafter defined) of UAL pursuant to the Offer (as hereinafter defined) and delivering such Depositary Shares to UAL in consideration for the deposit by UAL as trust assets of Debentures (as hereinafter defined) of UAL issued under the Indenture (as hereinafter defined) and (ii) issuing and selling Common Securities (as hereinafter defined) representing undivided beneficial interests in the assets of the Trust to UAL in exchange for cash and investing the proceeds thereof in additional Debentures (as hereinafter defined) of UAL issued under the Indenture to be held as assets of the Trust; and

NOW, THEREFORE, it being the intention of the parties hereto that the Trust constitute a business trust under the Business Trust Act, that the Original Declaration be amended and restated in its entirety as provided herein and that this Declaration



constitute the governing instrument of such business trust, the Trustees declare that all assets referred to in clauses (i) and (ii) of the previous recital clause contributed to or purchased by the Trust will be held in trust for the benefit of the Holders (as hereinafter defined) from time to time, of the Certificates (as hereinafter defined) representing undivided beneficial interests in the assets of the Trust issued hereunder, subject to the provisions of this Declaration.

## ARTICLE I

### DEFINITIONS

#### SECTION 1.1 Definitions.

(a) Capitalized terms used in this Declaration but not defined in the preamble above have the respective meanings assigned to them in this Section 1.1;

(b) a term defined anywhere in this Declaration has the same meaning throughout;

(c) all references to "the Declaration" or "this Declaration" are to this Amended and Restated Declaration of Trust (including Exhibits A, B and C hereto (the "Exhibits")) as modified, supplemented or amended from time to time;

(d) all references in this Declaration to Articles and Sections and Exhibits are to Articles and Sections of and Exhibits to this Declaration unless otherwise specified;

(e) a term defined in the Trust Indenture Act has the same meaning when used in this Declaration unless otherwise defined in this Declaration or unless the context otherwise requires; and

(f) a reference to the singular includes the plural and vice versa.

"Affiliate" has the same meaning as given to that term in Rule 405 of the Securities Act or any successor rule thereunder.

"Book Entry Interest" means a beneficial interest in a Certificate registered in the name of a Clearing Agency or a nominee thereof, ownership and transfers of which shall be maintained and made through book entries by such Clearing Agency as described in Section 9.4.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions are authorized or obligated by law or executive order to close in the Place of Payment (as such term is defined in the Indenture).

"Business Trust Act" means Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. Sec. 3801 et seq., as it may be amended from time to time.

"Certificate" means a Common Security Certificate or a Preferred Security Certificate.

"Certificate of Trust" has the meaning set forth in the second Whereas clause above.

"Clearing Agency" means an organization registered as a "Clearing Agency" pursuant to Section 17A of the Exchange Act that is acting as depository for the Preferred Securities and in whose name or in the name of a nominee of that organization shall be registered a Global Certificate and which shall undertake to effect book entry transfers and pledges of the Preferred Securities.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time the Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

"Code" means the Internal Revenue Code of 1986, as amended from time to time or any successor legislation. A reference to a specific section of the Code refers not only to such specific section but also to any corresponding provision of any federal tax statute enacted after the date of this Declaration, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Declaration containing such reference.

"Commission" means the U.S. Securities and Exchange Commission.

"Common Security" has the meaning specified in Section 7.1(b).

"Common Security Certificate" means a definitive certificate in fully registered form representing a Common Security substantially in the form of Annex I to Exhibit C.

"Covered Person" means (i) any officer, director, shareholder, partner, member, representative, employee or agent of the Trust or its Affiliates, (ii) any officer, director, shareholder, employee, representative or agent of UAL or its Affiliates and (iii) the Holders from time to time of the Securities.

"Dealer Manager Agreement" means the dealer manager agreement entered into among UAL, the Trust and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Smith Barney Inc. with

respect to, among other things, the Offer and the Preferred Securities.

"Debenture Trustee" means The First National Bank of Chicago as trustee under the Indenture until a successor is appointed thereunder and thereafter means any such successor trustee.

"Debentures" means the series of Junior Subordinated Debentures issued by UAL under the Indenture to the Trust and entitled the "[\_\_\_\_\_] % Junior Subordinated Debentures due 2026".

"Delaware Trustee" has the meaning set forth in Section 5.1(a)(3).

"Distribution" means a distribution payable to Holders of Securities in accordance with Section 6.1.

"DTC" means The Depository Trust Company, the initial Clearing Agency.

"Event of Default" in respect of the Securities means an Indenture Event of Default has occurred and is continuing in respect of the Debentures.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor legislation.

"Expiration Date" has the meaning set forth in the Prospectus.

"Fiscal Year" has the meaning specified in Section 11.1.

"Holder" means a Person in whose name a Certificate representing a Security is registered, such Person being a beneficial owner within the meaning of the Business Trust Act.

"Indemnified Person" means any Trustee, any Affiliate of any Trustee, any officers, directors, shareholders, members, partners, employees, representatives or agents of any Trustee, or any employee or agent of the Trust or its Affiliates.

"Indenture" means the Indenture dated as of [\_\_\_\_\_] , 1996 between UAL and the Debenture Trustee as supplemented by the board resolution, supplemental indenture or officers' certificate pursuant to which the Debentures are to be issued.

"Indenture Event of Default" means any event or condition defined as an "Event of Default" with respect to the Debentures under Section 5.1 of the Indenture has occurred and is continuing.

"Institutional Trustee" means the Trustee meeting the eligibility requirements set forth in Section 5.1(c) and having the duties set forth for the Institutional Trustee herein.

"Investment Company" means an investment company as defined in the Investment Company Act.

"Investment Company Act" means the Investment Company Act of 1940, as amended from time to time, or any successor legislation.

"Legal Action" has the meaning specified in Section 3.6(g).

"Liquidation Distribution" has the meaning set forth in Exhibits B and C hereto establishing the terms of the Securities.

"Majority in liquidation amount of the Securities" means, except as otherwise required by the Trust Indenture Act and except as provided in the penultimate paragraph of paragraph 5 of Exhibit B hereto, Holder(s) of outstanding Securities voting together as a single class or, as the context may require, Holder(s) of outstanding Preferred Securities or Common Securities each voting separately as a class, who are the record owners of a relevant class of Securities whose liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) represents more than 50% of the liquidation amount of all outstanding Securities of such class.

"Ministerial Action" has the meaning set forth in the terms of the Securities as set forth in Exhibits B and C hereto.

"Offer" means the offer by the Trust to exchange Preferred Securities of the Trust for outstanding Depository Shares of UAL in consideration for the deposit to the Trust by UAL as trust assets, of Debentures issued under the Indenture, all as described in the Prospectus.

"Original Declaration" has the meaning set forth in the first recital clause above.

"Paying Agent" has the meaning specified in Section 3.8(g).

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"Preferred Guarantee" means the Guarantee Agreement dated as of [\_\_\_\_], 1996 of UAL in respect of the Preferred Securities.

"Preferred Security" has the meaning specified in Section 7.1(b).

"Preferred Security Beneficial Owner" means, with respect to a Book Entry Interest, a Person who is the beneficial owner of such Book Entry Interest, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of such Clearing Agency).

"Preferred Security Certificate" means a definitive certificate in fully registered form representing a Preferred Security substantially in the form of Annex I to Exhibit B.

"Prospectus" means the Prospectus dated [\_\_\_\_], 1996 relating to the Offer.

"Quorum" means a majority of the Regular Trustees or, if there are only two Regular Trustees, both such Regular Trustees.

"Regular Trustee" means any Trustee other than the Institutional Trustee and the Delaware Trustee.

"Related Party" means any direct or indirect wholly owned subsidiary of UAL or any other Person which owns, directly or indirectly, 100% of the outstanding voting securities of UAL.

"Resignation Request" has the meaning specified in Section 5.2(d).

"Responsible Officer" means, with respect to the Institutional Trustee, the chairman of the board of directors, the president, any vice-president, any assistant vice-president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer or any other officer of the Institutional Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Rule 3a-5" means Rule 3a-5 under the Investment Company Act or any successor rule thereunder.

"Securities" means the Common Securities and the Preferred Securities.

"Securities Act" means the Securities Act of 1933, as amended from time to time, or any successor legislation.

"Series B Preferred Stock" means the 12-1/4% Series B Preferred Stock of UAL.

"Special Event" has the meaning set forth in the terms of the Securities as set forth in Exhibits B and C hereto.

"Sponsor" or "UAL" means UAL Corporation, a Delaware corporation, or any successor entity in a merger or consolidation, in its capacity as sponsor of the Trust.

"Successor Delaware Trustee" has the meaning specified in Section 5.2(b)(ii).

"Successor Institutional Trustee" means a successor Trustee possessing the qualifications to act as Institutional Trustee under Section 5.1(c).

"10% in liquidation amount of the Securities" means, except as otherwise required by the Trust Indenture Act and except as provided in the penultimate paragraph of paragraph 5 of Exhibit B hereto, Holder(s) of outstanding Securities voting together as a single class or, as the context may require, Holder(s) of outstanding Preferred Securities or Common Securities, voting separately as a class, who are the record owners of a relevant class of Securities whose liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) represents 10% or more of the liquidation amount of all outstanding Securities of such class.

"Treasury Regulations" means the income tax regulations, including temporary and proposed regulations, promulgated under the Code by the United States Treasury, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Trustee" or "Trustees" means each Person who has signed this Declaration as a trustee, so long as such Person shall continue in office in accordance with the terms hereof, and all other Persons who may from time to time be duly appointed, qualified and serving as trustees in accordance with the provisions hereof, and references herein to a Trustee or the Trustees shall refer to such Person or Persons solely in their capacity as trustees hereunder.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended from time to time, or any successor legislation.

"UAL Corporation Capital Trust" shall mean any statutory business trust created under the laws of the State of Delaware specified in the applicable board resolution, supplemental indenture or officers' certificate establishing a particular series of debt securities pursuant to Section 3.1 of the Indenture.

## ARTICLE II

### TRUST INDENTURE ACT

#### SECTION 2.1 Trust Indenture Act; Application.

(a) This Declaration is subject to the provisions of the Trust Indenture Act that are required to be part of this Declaration and shall, to the extent applicable, be governed by such provisions;

(b) if and to the extent that any provision of this Declaration limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control;

(c) the Institutional Trustee, to the extent permitted by applicable law and/or the rules and regulations of the Commission, shall be the only Trustee which is a trustee for the purposes of the Trust Indenture Act; and

(d) the application of the Trust Indenture Act to this Declaration shall not affect the nature of the Securities as equity securities representing undivided beneficial interests in the assets of the Trust.

#### SECTION 2.2 Lists of Holders of Preferred Securities.

(a) Each of the Sponsor and the Regular Trustees on behalf of the Trust shall provide the Institutional Trustee with such information as is required under Section 312(a) of the Trust Indenture Act at the times and in the manner provided in Section 312(a); and

(b) the Institutional Trustee shall comply with its obligations under Sections 310(b), 311 and 312(b) of the Trust Indenture Act.

#### SECTION 2.3 Reports by the Institutional Trustee.

Within 60 days after May 15 of each year, the Institutional Trustee shall provide to the Holders of the Securities such reports, if any, as are required by Section 313 of the Trust Indenture Act in the form, in the manner and at the times provided by Section 313 of the Trust Indenture Act. The

Institutional Trustee shall also comply with the requirements of Section 313(d) of the Trust Indenture Act.

SECTION 2.4 Periodic Reports to Institutional Trustee.

Each of the Sponsor and the Regular Trustees on behalf of the Trust shall provide to the Institutional Trustee, the Commission and the Holders of the Securities, as applicable, such documents, reports and information, if any, as required by Section 314(a)(1)-(3) of the Trust Indenture Act and the compliance certificates required by Section 314(a)(4) and (c) of the Trust Indenture Act, any such certificates to be provided in the form, in the manner and at the times required by Section 314(a)(4) and (c) of the Trust Indenture Act (provided that any certificate to be provided pursuant to Section 314(a)(4) of the Trust Indenture Act shall be provided within 120 days of the end of each Fiscal Year).

SECTION 2.5 Evidence of Compliance with Conditions Precedent.

Each of the Sponsor and the Regular Trustees on behalf of the Trust shall provide to the Institutional Trustee such evidence of compliance with any conditions precedent, if any, provided for in this Declaration which relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given pursuant to Section 314(c) shall comply with Section 314(e) of the Trust Indenture Act.

SECTION 2.6 Events of Default; Waiver.

(a) Subject to Section 2.6(c), Holders of Preferred Securities may by vote of at least a Majority in liquidation amount of the Preferred Securities, voting separately as a class, (A) in accordance with the terms of the Preferred Securities, direct the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee, or (B) on behalf of all Holders of Preferred Securities waive any past Event of Default in respect of the Preferred Securities and its consequences, provided that if the Event of Default arises out of an Indenture Event of Default:

(i) which is not waivable under the Indenture, the Event of Default under this Declaration shall also not be waivable; or

(ii) which requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures, or (2) each holder of Debentures, the Event of Default under this Declaration



may only be waived by, in the case of clause (1) above, the vote of Holders of Preferred Securities representing such specified percentage of the aggregate liquidation amount of the Preferred Securities, or, in the case of clause (2) above, each Holder of Preferred Securities.

Upon such waiver, any such default shall cease to exist, and any Event of Default with respect to the Preferred Securities arising therefrom shall be deemed to have been cured, for every purpose of this Declaration, but no such waiver shall extend to any subsequent or other default or Event of Default with respect to the Preferred Securities or impair any right consequent thereon.

(b) Subject to Section 2.6(c), Holders of Common Securities may by vote of at least a Majority in liquidation amount of the Common Securities, voting separately as a class, (A) in accordance with the terms of the Common Securities, direct the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee, or (B) on behalf of all Holders of Common Securities, waive any past Event of Default with respect to the Common Securities and its consequences, provided that, if the Event of Default arises out of an Indenture Event of Default:

(i) which is not waivable under the Indenture, except where the Holders of the Common Securities are deemed to have waived such Event of Default under the Declaration as provided below, the Event of Default under this Declaration shall also not be waivable; or

(ii) which requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, except where the holders of the Common Securities are deemed to have waived such Event of Default under this Declaration as provided below, the Event of Default under this Declaration may only be waived by, in the case of clause (1) above, the vote of Holders of Common Securities representing such specified percentage of the aggregate liquidation amount of the Common Securities, or, in the case of clause (2) above, each Holder of Common Securities; and provided, further that, each Holder of Common Securities will be deemed to have waived any Event of Default with respect to the Common Securities and its consequences until all Events of Default with respect to the Preferred Securities have been cured, waived by the Holders of Preferred Securities as provided in this Declaration or otherwise eliminated and, until all Events of Default with respect to the Preferred Securities have been so cured, waived or otherwise eliminated, the Institutional Trustee will be deemed to be acting solely on behalf of the Holders of the Preferred Securities and only the Holders of the Preferred Securities will have the right

to direct the Institutional Trustee in accordance with the terms of this Declaration or the Securities. If any Event of Default with respect to the Preferred Securities is waived by the Holders of Preferred Securities as provided in this Declaration, the Holders of Common Securities agree that such waiver shall also constitute the waiver of such Event of Default with respect to the Common Securities for all purposes under this Declaration without any further act, vote or consent of the Holders of the Common Securities. Subject to the foregoing provisions of this Section 2.6(b), upon such waiver, any such default shall cease to exist and any Event of Default with respect to the Common Securities arising therefrom shall be deemed to have been cured, for every purpose of this Declaration, but no such waiver shall extend to any subsequent or other default or Event of Default with respect to the Common Securities or impair any right consequent thereon.

(c) The right of any Holder of Securities to receive payment of Distributions on the Securities in accordance with this Declaration and the terms of the Securities set forth in Exhibits B and C on or after the respective payment dates therefor, or to institute suit for the enforcement of any such payment on or after such payment dates, shall not be impaired without the consent of each such Holder.

(d) As provided in the terms of the Securities set forth in Exhibits B and C hereto, a waiver of an Indenture Event of Default by the Institutional Trustee at the written direction of the Holders of the Preferred Securities constitutes a waiver of the corresponding Event of Default under this Declaration in respect of the Securities.

#### SECTION 2.7 Disclosure of Information.

The disclosure of information as to the names and addresses of the Holders of the Securities in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law, or any law hereafter enacted which does not specifically refer to Section 312 of the Trust Indenture Act, nor shall the Institutional Trustee be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

### ARTICLE III

#### ORGANIZATION

##### SECTION 3.1 Name.

The Trust continued by this Declaration is named "UAL Corporation Capital Trust I" as such name may be modified from

time to time by the Regular Trustees following written notice to the Holders of Securities. The Trust's activities may be conducted under the name of the Trust or any other name deemed advisable by the Regular Trustees.

#### SECTION 3.2 Office.

The address of the principal office of the Trust is c/o UAL Corporation, 1200 East Algonquin Road, Elk Grove Township, Illinois 60007, telephone number (847) 700-4000. Upon ten days' written notice to the Holders, the Regular Trustees may change the location of the Trust's principal office.

#### SECTION 3.3 Purpose.

The exclusive purposes and functions of the Trust are: (a)(i) to issue Preferred Securities in exchange for Depositary Shares pursuant to the Offer and to deliver such Depositary Shares to UAL in consideration for the deposit to the Trust by UAL as trust assets, of Debentures issued under the Indenture having an aggregate principal amount equal to the aggregate liquidation amount of the Depositary Shares so delivered; (ii) to enter into such agreements and arrangements as may be necessary in connection with the Offer and to take all action, and exercise such discretion, as may be necessary or desirable in connection with the Offer and to file such registration statements or make such other filings under the Securities Act, the Exchange Act or state securities or "Blue Sky" laws as may be necessary or desirable in connection with the Offer and the issuance of the Preferred Securities; and (iii) to issue and sell Common Securities to UAL for cash and use the proceeds of such sale to purchase as trust assets an equal aggregate principal amount of Debentures issued under the Indenture; and (b) except as otherwise limited herein, to engage in only those other activities necessary or incidental thereto. The Trust shall not borrow money, issue debt or reinvest proceeds derived from investments, pledge any of its assets or, at any time while the Securities are outstanding, otherwise undertake (or permit to be undertaken) any activity that would result in or cause the Trust to be treated as anything other than a grantor trust for United States federal income tax purposes.

#### SECTION 3.4 Authority.

Subject to the limitations provided in this Declaration and to the specific duties of the Institutional Trustee, the Regular Trustees shall have exclusive and complete authority to carry out the purposes of the Trust. An action taken by the Regular Trustees in accordance with their powers shall constitute the act of and serve to bind the Trust and an action taken by the Institutional Trustee in accordance with its powers shall constitute the act of and serve to bind the Trust. In dealing

with the Trustees acting on behalf of the Trust, no Person shall be required to inquire into the authority of the Trustees to bind the Trust. Persons dealing with the Trust are entitled to rely conclusively on the power and authority of the Trustees as set forth in this Declaration.

SECTION 3.5 Title to Property of the Trust.

Unless otherwise provided in this Declaration, legal title to all assets of the Trust shall be vested in the Trust. The Holders of Certificates shall not have legal title to any part of the assets of the Trust, but shall have an individual undivided beneficial interest in the assets of the Trust.

SECTION 3.6 Powers and Duties of the Regular Trustees.

The Regular Trustees shall have the exclusive power, authority and duty to cause the Trust, and shall cause the Trust, to engage in the following activities:

(a) to issue Preferred Securities and Common Securities, in each case in accordance with this Declaration; provided, however, that the Trust may issue no more than one series of Preferred Securities and no more than one series of Common Securities, and, provided further, there shall be no interests in the Trust other than the Securities and the issuance of Securities shall be limited to a one-time, simultaneous issuance of both Preferred Securities and Common Securities;

(b) in connection with the Offer and the issuance of the Preferred Securities, at the direction of the Sponsor, to effect or cause to be effected the filings, and to execute or cause to be executed, the documents, set forth in Section 3.11;

(c) to acquire as trust assets Debentures upon consummation of the Offer in connection with the exchange of Preferred Securities for Depositary Shares pursuant to the Offer and to acquire as trust assets additional Debentures with the proceeds of the sale of the Common Securities;

(d) to cause the Trust to enter into the Dealer Manager Agreement and such other agreements and arrangements as may be necessary or desirable in connection with the Offer and the consummation thereof, and to take all action, and exercise all discretion, as may be necessary or desirable in connection with the Offer or the consummation thereof;

(e) to give the Sponsor and the Institutional Trustee prompt written notice of the occurrence of a Special Event, provided that the Regular Trustees shall consult with the Sponsor and the Institutional Trustee before taking or refraining to take any Ministerial Action in relation to a Special Event;

(f) to establish a record date with respect to all actions to be taken hereunder that require a record date be established, including for the purposes of Section 316(c) of the Trust Indenture Act and with respect to Distributions, voting rights, redemptions, and exchanges, and to issue relevant notices to Holders of the Preferred Securities and Common Securities as to such actions and applicable record dates;

(g) to bring or defend, pay, collect, compromise, arbitrate, resort to legal action, or otherwise adjust claims or demands of or against the Trust ("Legal Action"), unless pursuant to Section 3.8(c), the Institutional Trustee has the exclusive power to bring such Legal Action;

(h) to employ or otherwise engage employees and agents (who may be designated as officers with titles) and managers, contractors, advisors, and consultants and pay reasonable compensation for such services;

(i) to cause the Trust to comply with the Trust's obligations under the Trust Indenture Act;

(j) to give the certificate to the Institutional Trustee required by Section 314(a)(4) of the Trust Indenture Act, which certificate may be executed by any Regular Trustee;

(k) to incur expenses which are necessary or incidental to carry out any of the purposes of the Trust;

(l) to act as, or appoint another Person to act as, registrar and transfer agent for the Securities, the Regular Trustees hereby initially appointing [\_\_\_\_\_] for such purposes;

(m) to take all actions and perform such duties as may be required of the Regular Trustee pursuant to the terms of the Securities set forth in Exhibits B and C hereto;

(n) to execute all documents or instruments, perform all duties and powers, and do all things for and on behalf of the Trust in all matters necessary or incidental to the foregoing;

(o) to take all action which may be necessary or appropriate for the preservation and the continuation of the Trust's valid existence, rights, franchises and privileges as a statutory business trust under the laws of the State of Delaware and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Holders of the Securities or to enable the Trust to effect the purposes for which the Trust has been created;

(p) to take all action, not inconsistent with this Declaration or with applicable law, which the Regular Trustees determine in their discretion to be reasonable and necessary or desirable in carrying out the activities of the Trust as set out in this Section 3.6, in order that:

(i) the Trust will not be deemed to be an Investment Company required to be registered under the Investment Company Act;

(ii) the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership and will be treated as a grantor trust for United States federal income tax purposes; and

(iii) the Trust will comply with any requirements imposed by any taxing authority on holders of instruments treated as indebtedness for United States federal income tax purposes;

provided that such action does not adversely affect the interests of Holders;

(q) to take all action necessary to cause all applicable tax returns and tax information reports that are required to be filed with respect to the Trust to be duly prepared and filed by the Regular Trustees, on behalf of the Trust; and

(r) subject to the requirements of Rule 3a-5 and Section 317(b) of the Trust Indenture Act, to appoint one or more Paying Agents in addition to the Institutional Trustee.

The Regular Trustees must exercise the powers set forth in this Section 3.6 in a manner which is consistent with the purposes and functions of the Trust set out in Section 3.3 and the Regular Trustees shall not take any action which is inconsistent with the purposes and functions of the Trust set forth in Section 3.3.

Subject to this Section 3.6, the Regular Trustees shall have none of the powers nor any of the authority of the Institutional Trustee set forth in Section 3.8.

**SECTION 3.7 Prohibition of Actions by Trust and Trustees.**

The Trust shall not, and the Trustees (including the Institutional Trustee) shall cause the Trust not to, engage in any activity other than as required or authorized by this Declaration. In particular, the Trust shall not and the Trustees (including the Institutional Trustee) shall cause the Trust not to:

(a) invest any proceeds received by the Trust from holding the Debentures but shall promptly distribute all such proceeds to Holders of Securities pursuant to the terms of this Declaration and of the Securities;

(b) acquire any assets other than as expressly provided herein;

(c) possess Trust property for other than a Trust purpose;

(d) make any investments, other than investments represented by the Debentures;

(e) possess any power or otherwise act in such a way as to vary the Trust assets or the terms of the Securities in any way whatsoever;

(f) issue any securities or other evidences of beneficial ownership of, or beneficial interests in, the Trust other than the Securities;

(g) incur any indebtedness for borrowed money; or

(h) (i) direct the time, method and place of exercising any trust or power conferred upon the Debenture Trustee with respect to the Debentures, (ii) waive any past default that is waivable under Section 5.7 of the Indenture, (iii) exercise any right to rescind or annul any declaration that the principal of all of the Debentures shall be due and payable or (iv) consent to any amendment, modification or termination of the Indenture or the Debentures, in each case where such consent shall be required, unless in the case of this clause (h) the Institutional Trustee shall have received an unqualified opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that such action will not cause the Trust to be classified for United States federal income tax purposes as an association taxable as a corporation or partnership and that the Trust will continue to be classified as a grantor trust for United States federal income tax purposes.

#### SECTION 3.8 Powers and Duties of the Institutional Trustee.

(a) The Institutional Trustee shall:

(i) on the receipt of payments of funds made in respect of the Debentures held by the Trust, without any further acts of the Institutional Trustee or the Regular Trustees, promptly make payments to the Holders of the Preferred Securities and Common Securities in accordance with Section 6.1. Funds held in the Trust may be held uninvested, and without liability for interest thereon, until disbursed in accordance with this Declaration;

(ii) engage in such ministerial activities as shall be necessary or appropriate to effect promptly the redemption of the Preferred Securities and the Common Securities to the extent the Debentures are redeemed or mature;

(iii) upon notice of distribution issued by the Regular Trustees in accordance with the terms of the Preferred Securities and the Common Securities, engage in such ministerial activities as shall be necessary or appropriate to effect promptly the distribution pursuant to terms of the Securities of Debentures to Holders of Securities upon the occurrence of a Special Event; and

(iv) have the legal power to exercise all of the rights, powers and privileges of a holder of the Debentures under the Indenture and, if an Event of Default occurs and is continuing, the Institutional Trustee, subject to Section 2.6(b), shall for the benefit of the Holders of the Securities, enforce its rights as holder of the Debentures under the Indenture, subject to the rights of the Holders of the Preferred Securities pursuant to the terms of this Declaration and the Trust Indenture Act.

(b) The Institutional Trustee shall take all actions and perform such duties as may be specifically required of the Institutional Trustee pursuant to the terms of the Securities set forth in Exhibits B and C hereto.

(c) The Institutional Trustee shall take any Legal Action which arises out of or in connection with an Event of Default or the Institutional Trustee's duties and obligations under this Declaration or the Trust Indenture Act.

(d) All moneys and all Debentures held by the Trust will not be subject to any right, charge, security interest, lien or claim of any kind in favor of, or for the benefit of the Institutional Trustee or its agents or their creditors.

(e) The Institutional Trustee shall, within 90 days after the occurrence of a default with respect to the Securities, transmit by mail, first class postage prepaid, to the Holders of the Securities, as their names and addresses appear upon the register, notice of all defaults with respect to the Securities known to the Institutional Trustee, unless such defaults shall have been cured before the giving of such notice (the term "defaults" for the purposes of this Section 3.8(e) being hereby defined to be an Indenture Event of Default, not including any periods of grace provided for in the Indenture and irrespective of the giving of any notice provided therein); provided that, except in the case of default in the payment of the principal of (or premium, if any) or interest on any of the Debentures, the Institutional Trustee shall be protected in withholding such



notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers, of the Institutional Trustee in good faith determine that the withholding of such notice is in the interests of the Holders of the Securities. The Institutional Trustee shall not be deemed to have knowledge of any default, except (i) a default in the payment of principal, premium or interest on the Debentures or (ii) any default as to which the Institutional Trustee shall have received written notice or a Responsible Officer charged with the administration of this Declaration shall have obtained written notice.

(f) The Institutional Trustee shall not resign as a Trustee unless either:

(i) the Trust has been completely liquidated and the proceeds thereof distributed to the Holders of Securities pursuant to the terms of the Securities; or

(ii) a Successor Institutional Trustee has been appointed and accepted that appointment in accordance with Article V.

(g) The Institutional Trustee shall act or appoint another Person to act as paying agent in respect of the Securities and, subject to Section 3.6(r), may authorize one or more Persons (each, a "Paying Agent") to pay Distributions, redemption payments or liquidation payments on behalf of the Trust with respect to the Preferred Securities. Any such Paying Agent shall comply with Section 317(b) of the Trust Indenture Act. Any Paying Agent may be removed by the Institutional Trustee, after consultation with the Regular Trustees, at any time and a successor Paying Agent or additional Paying Agents may be appointed at any time by the Institutional Trustee, subject to Section 3.6(r). The Institutional Trustee hereby initially appoints [\_\_\_\_\_] as the Paying Agent.

(h) The Institutional Trustee shall give prompt written notice to the Holders of the Securities of any notice received by it from UAL of its election to defer payments of interest on the Debentures by extending the interest payment period with respect thereto.

(i) Subject to this Section 3.8, the Institutional Trustee shall have none of the powers or the authority of the Regular Trustees set forth in Section 3.6.

(j) The Institutional Trustee shall exercise the powers, duties and rights set forth in this Section 3.8 and Section 3.10 in a manner which is consistent with the purposes and functions of the Trust set out in Section 3.3 and the Institutional Trustee

shall not take any action which is inconsistent with the purposes and functions of the Trust set forth in Section 3.3.

SECTION 3.9 Delaware Trustee.

Notwithstanding any other provision of this Declaration other than Section 5.1(a)(3), the Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities, of the Regular Trustees and the Institutional Trustee described in this Declaration. Except as set forth in Section 5.1(a)(3), the Delaware Trustee shall be a Trustee for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Business Trust Act. No implied covenants or obligations shall be read into this Declaration against the Delaware Trustee.

SECTION 3.10 Certain Rights and Duties of the Institutional Trustee.

(a) The Institutional Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Declaration, and no implied covenants shall be read into this Declaration against the Institutional Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.6), the Institutional Trustee shall exercise such of the rights and powers vested in it by this Declaration, 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 or her own affairs.

(b) No provision of this Declaration shall be construed to relieve the Institutional Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Institutional Trustee shall be determined solely by the express provisions of this Declaration, and the Institutional Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Declaration, and no implied covenants or obligations shall be read into this Declaration against the Institutional Trustee; and

(B) in the absence of bad faith on the part of the Institutional Trustee, the Institutional Trustee may conclusively rely, as to the truth of the statements and the

correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Institutional Trustee and conforming to the requirements of this Declaration; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Institutional Trustee, the Institutional Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Declaration;

(ii) the Institutional Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Institutional Trustee, unless it shall be proved that the Institutional Trustee was negligent in ascertaining the pertinent facts;

(iii) the Institutional 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 as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee hereunder or under the Indenture, or exercising any trust or power conferred upon the Institutional Trustee under this Declaration; and

(iv) no provision of this Declaration shall require the Institutional Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Declaration or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Subject to the provisions of Section 3.10(a) and (b):

(i) whenever in the administration of this Declaration, the Institutional Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Institutional Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part and, if the Trust is excluded from the definition of Investment Company solely by means of Rule 3a-5, subject to the requirements of Rule 3a-5, request and rely upon a certificate, which shall comply with the provisions of Section 314(e) of the Trust Indenture Act, signed by any two of the Regular Trustees or by an authorized officer of the Sponsor, as the case may be;

(ii) The Institutional Trustee (A) may consult with counsel of its choice (which may be counsel to the Sponsor or any of its Affiliates and may include any of its employees) selected by it in good faith and with due care and the written advice or

opinion of such counsel with respect to legal matters 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 and in accordance with such advice and opinion and (B) shall have the right at any time to seek instructions concerning the administration of this Declaration from any court of competent jurisdiction;

(iii) The Institutional Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Institutional Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it in good faith and with due care;

(iv) The Institutional Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Declaration at the request or direction of any Holders, unless such Holders shall have offered to the Institutional Trustee reasonable security and indemnity against the costs, expenses (including attorneys' fees and expenses) and liabilities that might be incurred by it in complying with such request or direction; provided that nothing contained in this clause (iv) shall relieve the Institutional Trustee of the obligation, upon the occurrence of an Event of Default (which has not been cured or waived) to exercise such of the rights and powers vested in it by this Declaration, and to use the same degree of care and skill in this exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; and

(v) Any action taken by the Institutional Trustee or its agents hereunder shall bind the Holders of the Securities and the signature of the Institutional Trustee or its agents alone shall be sufficient and effective to perform any such action; and no third party shall be required to inquire as to the authority of the Institutional Trustee to so act, or as to its compliance with any of the terms and provisions of this Declaration, both of which shall be conclusively evidenced by the Institutional Trustee's or its agent's taking such action.

#### SECTION 3.11 Registration Statement and Related Matters.

In accordance with the Original Declaration, UAL and the Trustees have authorized and directed, and hereby confirm the authorization of, UAL, as the sponsor of the Trust, (i) to file with the Commission and execute, in each case on behalf of the Trust, (a) the Registration Statement on Form S-4 (File No. 333-[\_\_\_\_]) (the "1933 Act Registration Statement") and any pre-effective or post-effective amendments to such Registration Statement, relating to the registration under the Securities Act of the Preferred Securities of the Trust, (b) a Registration Statement on Form 8-A or other appropriate form (the "1934 Act

Registration Statement") (including all pre-effective and post-effective amendments thereto) relating to the registration of the Preferred Securities of the Trust under Section 12(b) of the Exchange Act and (c) an Issuer Tender Offer Statement on Schedule 13E-4 and any other tender offer statement required to be filed by the Trust with the Commission (including, if necessary, Schedule 14D-1) relating to the Offer (collectively, the "Tender Offer Schedules") and any amendment or supplement thereto; (ii) to file with the New York Stock Exchange ("NYSE") and execute on behalf of the Trust a listing application and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the Preferred Securities to be listed on the NYSE; (iii) to file and execute on behalf of the Trust such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents as shall be necessary or desirable to register the Preferred Securities under the securities or "Blue Sky" laws of such jurisdictions as UAL, on behalf of the Trust, may deem necessary or desirable and (iv) to execute on behalf of the Trust the Dealer Manager Agreement, relating to the Offer, substantially in the form included as Exhibit 1 to the 1933 Act Registration Statement. In the event that any filing referred to in clauses (i)-(iii) above is required by the rules and regulations of the Commission, the NYSE or state securities or "Blue Sky" laws, to be executed on behalf of the Trust by the Trustees, the Regular Trustees, in their capacities as Trustees of the Trust, are hereby authorized and directed to join in any such filing and to execute on behalf of the Trust any and all of the foregoing, it being understood that the Institutional Trustee and the Delaware Trustee, in their capacities as Trustees of the Trust, shall not be required to join in any such filing or execute on behalf of the Trust any such document unless required by the rules and regulations of the Commission, the NYSE or state securities or "Blue Sky" laws. In connection with all of the foregoing, each Trustee, solely in its capacity as Trustee of the Trust, have constituted and appointed, and hereby confirm the appointment of, UAL Corporation as his, her or its, as the case may be, true and lawful attorney-in-fact, and agent, with full power of substitution and resubstitution, for such Trustee or in such Trustee's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to the 1933 Act Registration Statement, the 1934 Act Registration Statement and the Tender Offer Schedules and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such Trustee might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or its substitute, shall do or cause to be done by virtue hereof.

#### SECTION 3.12 Filing of Amendments to Certificate of Trust.

The Certificate of Trust as filed with the Secretary of State of the State of Delaware on October 15, 1996 is attached hereto as Exhibit A. On or after the date of execution of this Declaration, the Trustees shall cause the filing with the Secretary of State of the State of Delaware of such amendments to the Certificate of Trust as the Trustees shall deem necessary or desirable.

#### SECTION 3.13 Execution of Documents by Regular Trustees.

Unless otherwise determined by the Regular Trustees and except as otherwise required by the Business Trust Act with respect to the Certificate of Trust or otherwise, a majority of, or if there are only two, both of, the Regular Trustees are authorized to execute and deliver on behalf of the Trust any documents which the Regular Trustees have the power and authority to execute or deliver pursuant to this Declaration.

#### SECTION 3.14 Trustees Not Responsible for Recitals or Issuance of Securities.

The recitals contained in this Declaration and the Securities shall be taken as the statements of the Sponsor, and the Trustees do not assume any responsibility for their correctness. The Trustees make no representations as to the value or condition of the property of the Trust or any part thereof. The Trustees make no representations as to the validity or sufficiency of this Declaration or the Securities.

#### SECTION 3.15 Duration of Trust.

The Trust, absent termination pursuant to the provisions of Article VIII hereof, shall have existence until December 31, 2026.

### ARTICLE IV

#### SPONSOR

#### SECTION 4.1 Purchase of Common Securities by Sponsor.

The Sponsor will purchase Common Securities issued by the Trust at the same time as the Preferred Securities are issued in exchange for Depositary Shares pursuant to the Offer, such purchase to be in an amount equal to 3% of the sum of (i) the aggregate stated liquidation amount of the Preferred Securities issued in exchange for Depositary Shares pursuant to the Offer and (ii) the proceeds derived from the sale of the Common Securities.

## SECTION 4.2 Expenses.

(a) The Sponsor shall be responsible for and shall pay for all debts and obligations (other than with respect to the Securities) and all costs and expenses of the Trust (including, but not limited to, costs and expenses relating to the organization of the Trust, the issuance of the Preferred Securities pursuant to the Offer, the fees and expenses (including reasonable counsel fees and expenses) of the Trustees (including any amounts payable under Article X), the costs and expenses relating to the operation of the Trust, including, without limitation, costs and expenses of accountants, attorneys, statistical or bookkeeping services, expenses for printing and engraving and computing or accounting equipment, paying agent(s), registrar(s), transfer agent(s), duplicating, travel and telephone and other telecommunications expenses and costs and expenses incurred in connection with the disposition of Trust assets).

(b) The Sponsor will pay any and all taxes (other than United States withholding taxes attributable to the Trust or its assets) and all liabilities, costs and expenses with respect to such taxes of the Trust.

(c) The Sponsor's obligations under this Section 4.2 shall be for the benefit of, and shall be enforceable by, any Person to whom any such debts, obligations, costs, expenses and taxes are owed (a "Creditor") whether or not such Creditor has received notice hereof. Any such Creditor may enforce the Sponsor's obligations under this Section 4.2 directly against the Sponsor and the Sponsor irrevocably waives any right or remedy to require that any such Creditor take any action against the Trust or any other Person before proceeding against the Sponsor. The Sponsor agrees to execute such additional agreements as may be necessary or desirable in order to give full effect to the provisions of this Section 4.2.

## ARTICLE V

## TRUSTEES

## SECTION 5.1 Number of Trustees; Qualifications.

(a) The number of Trustees initially shall be five (5). At any time (i) before the issuance of the Securities, the Sponsor may, by written instrument, increase or decrease the number of, and appoint, remove and replace the, Trustees, and (ii) after the issuance of the Securities, the number of Trustees may be increased or decreased solely by, and Trustees may be appointed, removed or replaced solely by, vote of Holders of Common Securities representing a Majority in liquidation amount of the Common Securities voting as a class; provided that in any case:

(1) the number of Trustees shall be at least five (5) unless the Trustee that acts as the Institutional Trustee also acts as the Delaware Trustee, in which case the number of Trustees shall be at least three (3);

(2) at least a majority of the Trustees shall at all times be officers, directors or employees of UAL;

(3) if required by the Business Trust Act, one Trustee (the "Delaware Trustee") shall be either a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware and otherwise is permitted to act as a Trustee hereunder under the laws of the State of Delaware, except that if the Institutional Trustee has its principal place of business in the State of Delaware and otherwise is permitted to act as a Trustee hereunder under the laws of the State of Delaware, then the Institutional Trustee shall also be the Delaware Trustee and Section 3.9 shall have no application; and

(4) there shall at all times be an Institutional Trustee hereunder which shall satisfy the requirements of Section 5.1(c).

Each Trustee shall be either a natural person at least 21 years of age or a legal entity which shall act through one or more duly appointed representatives.

(b) The initial Regular Trustees shall be:

[\_\_\_\_\_]
[\_\_\_\_\_]
[\_\_\_\_\_]
c/o UAL Corporation
1200 East Algonquin Road
Elk Grove Township, Illinois 60007

(c) There shall at all times be one Trustee which shall act as Institutional Trustee. In order to act as Institutional Trustee hereunder, such Trustee shall:

(i) not be an Affiliate of the Sponsor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a Person permitted by the Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such Person publishes reports of condition at least annually, pursuant to law or to the



requirements of the supervising or examining authority referred to above, then, for the purposes of this Section 5.1(c)(ii), the combined capital and surplus of such Person 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 Institutional Trustee shall cease to satisfy the requirements of clauses (i)-(ii) above, the Institutional Trustee shall immediately resign in the manner and with the effect set out in Section 5.2(d). If the Institutional Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Institutional Trustee and the Holders of the Common Securities (as if such Holders were the obligor referred to in Section 310(b) of the Trust Indenture Act) shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act. The Preferred Guarantee shall be deemed to be specifically described in this Declaration for the purposes of clause (i) of the first proviso contained in Section 310(b) of the Trust Indenture Act.

The initial Trustee which shall serve as the Institutional Trustee is The First National Bank of Chicago, whose address is as set forth in Section 14.1(b).

(d) The initial Trustee which shall serve as the Delaware Trustee is First Chicago Delaware Inc., whose address is as set forth in Section 14.1(c).

(e) Any action taken by Holders of Common Securities pursuant to this Article V shall be taken at a meeting of Holders of Common Securities convened for such purpose or by written consent as provided in Section 12.2.

(f) No amendment may be made to this Section 5.1 which would change any rights with respect to the number, existence or appointment and removal of Trustees, except with the consent of each Holder of Common Securities.

#### SECTION 5.2 Appointment, Removal and Resignation of Trustees.

(a) Subject to Section 5.2(b), Trustees may be appointed or removed without cause at any time:

(i) until the issuance of the Securities, by written instrument executed by the Sponsor; and

(ii) after the issuance of the Securities, by vote of the Holders of a Majority in liquidation amount of the Common Securities voting as a class.

(b) (i) The Trustee that acts as Institutional Trustee shall not be removed in accordance with Section 5.2(a) until a Successor Institutional Trustee possessing the qualifications to act as Institutional Trustee under Section 5.1(c) has been appointed and has accepted such appointment by written instrument executed by such Successor Institutional Trustee and delivered to the Regular Trustees, the Sponsor and the Institutional Trustee being removed; and

(ii) the Trustee that acts as Delaware Trustee shall not be removed in accordance with Section 5.2(a) until a successor Trustee possessing the qualifications to act as Delaware Trustee under Section 5.1(a)(3) (a "Successor Delaware Trustee") has been appointed and has accepted such appointment by written instrument executed by such Successor Delaware Trustee and delivered to the Regular Trustees, the Sponsor and the Delaware Trustee being removed.

(c) A Trustee appointed to office shall hold office until his or her successor shall have been appointed or until his or her death, removal or resignation.

(d) Any Trustee may resign from office (without need for prior or subsequent accounting) by an instrument (a "Resignation Request") in writing signed by the Trustee and delivered to the Sponsor and the Trust, which resignation shall take effect upon such delivery or upon such later date as is specified therein; provided however, that:

(i) no such resignation of the Trustee that acts as the Institutional Trustee shall be effective until a Successor Institutional Trustee possessing the qualifications to act as Institutional Trustee under Section 5.1(c) has been appointed and has accepted such appointment by instrument executed by such Successor Institutional Trustee and delivered to the Trust, the Sponsor and the resigning Institutional Trustee; and

(ii) no such resignation of the Trustee that acts as the Delaware Trustee shall be effective until a Successor Delaware Trustee has been appointed and has accepted such appointment by instrument executed by such Successor Delaware Trustee and delivered to the Trust, the Sponsor and the resigning Delaware Trustee.

(e) If no Successor Institutional Trustee or Successor Delaware Trustee shall have been appointed and accepted appointment as provided in this Section 5.2 within 60 days after delivery to the Sponsor and the Trust of a Resignation Request, the resigning Institutional Trustee or Delaware Trustee may petition any court of competent jurisdiction for appointment of a Successor Institutional Trustee or Successor Delaware Trustee. Such court may thereupon after such notice, if any, as it may

deem proper and prescribe, appoint a Successor Institutional Trustee or Successor Delaware Trustee, as the case may be.

#### SECTION 5.3 Vacancies Among Trustees.

If a Trustee ceases to hold office for any reason and the number of Trustees is not reduced pursuant to Section 5.1 or if the number of Trustees is increased pursuant to Section 5.1, a vacancy shall occur. A resolution certifying the existence of such vacancy by a majority of the Regular Trustees shall be conclusive evidence of the existence of such vacancy. The vacancy shall be filled with a Trustee appointed in accordance with the requirements of this Article V.

#### SECTION 5.4 Effect of Vacancies.

The death, resignation, retirement, removal, bankruptcy, dissolution, liquidation, incompetence or incapacity to perform the duties of a Trustee, or any one of them, shall not operate to annul the Trust. Whenever a vacancy in the number of Regular Trustees shall occur until such vacancy is filled as provided in this Article V, the Regular Trustees in office, regardless of their number, shall have all the powers granted to the Regular Trustees and shall discharge all the duties imposed upon the Regular Trustees by this Declaration.

#### SECTION 5.5 Meetings.

Meetings of the Regular Trustees shall be held from time to time upon the call of any Trustee. Regular meetings of the Regular Trustees may be held at a time and place fixed by resolution of the Regular Trustees. Notice of any in-person meetings of the Regular Trustees shall be hand delivered or otherwise delivered in writing (including by facsimile, with a hard copy by overnight courier) not less than 48 hours before such meeting. Notice of any telephonic meetings of the Regular Trustees or any committee thereof shall be hand delivered or otherwise delivered in writing (including by facsimile, with a hard copy by overnight courier) not less than 24 hours before a meeting. Notices shall contain a brief statement of the time, place and anticipated purposes of the meeting. The presence (whether in person or by telephone) of a Regular Trustee at a meeting shall constitute a waiver of notice of such meeting except where a Regular Trustee attends a meeting for the express purpose of objecting to the transaction of any activity on the ground that the meeting has not been lawfully called or convened. Unless provided otherwise in this Declaration, any action of the Regular Trustees may be taken at a meeting by vote of a majority of the Regular Trustees present (whether in person or by telephone) and eligible to vote with respect to such matter, provided that a Quorum is present, or without a meeting by the unanimous written consent of the Regular Trustees.

## SECTION 5.6 Delegation of Power.

(a) Any Regular Trustee may, by power of attorney consistent with applicable law, delegate to any other natural person over the age of 21 his or her power for the purpose of executing any registration statement or amendment thereto or other document or schedule filed with the Commission or making any other governmental filing (including, without limitation filings referred to in Section 3.11).

(b) The Regular Trustees shall have power to delegate from time to time to such of their number or to officers of the Trust the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Regular Trustees or otherwise as the Regular Trustees may deem expedient, to the extent such delegation is not prohibited by applicable law or contrary to the provisions of the Trust, as set forth herein.

## ARTICLE VI

## DISTRIBUTIONS

## SECTION 6.1 Distributions.

Holder's shall receive periodic distributions, redemption payments and liquidation distributions in accordance with the applicable terms of the relevant Holder's Securities ("Distributions"). Distributions shall be made to the Holders of Preferred Securities and Common Securities in accordance with the terms of the Securities as set forth in Exhibits B and C hereto. If and to the extent that UAL makes a payment of interest, premium and principal on the Debentures held by the Institutional Trustee (the amount of any such payment being a "Payment Amount"), the Institutional Trustee shall and is directed to promptly make a Distribution of the Payment Amount to Holders in accordance with the terms of the Securities as set forth in Exhibits B and C hereto.

## ARTICLE VII

## ISSUANCE OF SECURITIES

## SECTION 7.1 General Provisions Regarding Securities.

(a) The Regular Trustees shall issue on behalf of the Trust securities in fully registered form representing undivided beneficial interests in the assets of the Trust in accordance with Section 7.1(b) and for the consideration specified in Section 3.3.

(b) The Regular Trustees shall issue on behalf of the Trust one class of preferred securities representing undivided

beneficial interests in the assets of the Trust having such terms as are set forth in Exhibit B (the "Preferred Securities") which terms are incorporated by reference in, and made a part of, this Declaration as if specifically set forth herein, and one class of common securities representing undivided beneficial interests in the assets of the Trust having such terms as are set forth in Exhibit C (the "Common Securities") which terms are incorporated by reference in, and made a part of, this Declaration as if specifically set forth herein. The Trust shall have no securities or other interests in the assets of the Trust other than the Preferred Securities and the Common Securities.

(c) The Certificates shall be signed on behalf of the Trust by the Regular Trustees (or if there are more than two Regular Trustees by any two of the Regular Trustees). Such signatures may be the manual or facsimile signatures of the present or any future Regular Trustee. Typographical and other minor errors or defects in any such reproduction of any such signature shall not affect the validity of any Security. In case any Regular Trustee of the Trust who shall have signed any of the Certificates shall cease to be such Regular Trustee before the Certificate so signed shall be delivered by the Trust, such Certificate nevertheless may be delivered as though the person who signed such Certificate had not ceased to be such Regular Trustee; and any Certificate may be signed on behalf of the Trust by such persons as, at the actual date of the execution of such Security, shall be the Regular Trustees of the Trust, although at the date of the execution and delivery of the Declaration any such person was not such a Regular Trustee. Certificates shall be printed, lithographed or engraved or may be produced in any other manner as is reasonably acceptable to the Regular Trustees, as evidenced by their execution thereof, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements as the Regular Trustees may deem appropriate, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which Securities may be listed, or to conform to usage. Pending the preparation of definitive Certificates, the Regular Trustees on behalf of the Trust may execute temporary Certificates (printed, lithographed or typewritten), substantially in the form of the definitive Certificates in lieu of which they are issued, but with such omissions, insertions and variations as may be appropriate for temporary Certificates all as may be determined by the Regular Trustees. Each temporary Certificate shall be executed by the Regular Trustees on behalf of the Trust upon the same conditions and in substantially the same manner, and with like effect, as definitive Certificates. Without unnecessary delay, the Regular Trustees on behalf of the Trust will execute and furnish definitive Certificates and thereupon any or all temporary Certificates may be surrendered to the transfer agent and registrar in exchange therefor (without charge to the Holders).

Each Certificate whether in temporary or definitive form shall be countersigned by the manual or facsimile signature of an authorized signatory of the Person acting as registrar and transfer agent for the Securities, which shall initially be [\_\_\_\_\_].

(d) The consideration received by the Trust for the issuance of the Securities shall constitute a contribution to the capital of the Trust and shall not constitute a loan to the Trust.

(e) Upon issuance of the Securities as provided in this Declaration, the Securities so issued shall be deemed to be validly issued, fully paid and non-assessable.

(f) Every Person, by virtue of having become a Holder or a Preferred Security Beneficial Owner in accordance with the terms of this Declaration, shall be deemed to have expressly assented and agreed to the terms of, and shall be bound by, this Declaration.

(g) Upon issuance of the Securities as provided in this Declaration, the Regular Trustees on behalf of the Trust shall return to UAL the \$10 constituting initial trust assets as set forth in the Original Declaration.

#### ARTICLE VIII

##### TERMINATION OF TRUST

###### SECTION 8.1 Termination of Trust.

This Declaration and the Trust shall terminate and be of no further force or effect:

(i) when all of the Securities shall have been called for redemption and the amounts necessary for redemption thereof shall have been paid to the Holders of Securities in accordance with the terms of the Securities; or

(ii) when all of the Debentures shall have been distributed to the Holders of Securities in exchange for all of the Securities in accordance with the terms of the Securities; or

(iii) upon the expiration of the term of the Trust as set forth in Section 3.15, and a certificate of cancellation is filed by the Trustees with the Secretary of State of the State of Delaware. The Trustees shall so file such a certificate as soon as practicable after the occurrence of an event referred to in this Section 8.1; or

(iv) upon the bankruptcy of UAL or the Trust; or

(v) upon the filing of a certificate of dissolution or the equivalent with respect to UAL, the filing of a certificate of cancellation with respect to the Trust after having obtained the consent of at least a majority in liquidation amount of the Securities, voting together as a single class, to file such certificate of cancellation, or the revocation of the charter of UAL and the expiration of 90 days after the date of revocation without a reinstatement thereof; or

(vi) upon the entry of a decree of judicial dissolution of UAL or the Trust.

The provisions of Sections 3.10 and 4.2 and Article X shall survive the termination of the Trust.

#### ARTICLE IX

##### TRANSFER OF INTERESTS

###### SECTION 9.1 Transfer of Securities.

(a) Securities may only be transferred, in whole or in part, in accordance with the terms and conditions set forth in this Declaration. Any transfer or purported transfer of any Security not made in accordance with this Declaration shall be null and void.

(b) Subject to this Article IX, Preferred Securities shall be freely transferable.

(c) Subject to this Article IX, UAL and any Related Party may only transfer Common Securities to UAL or a Related Party, provided that any such transfer shall be subject to the condition that the transferor shall have obtained (1) either a ruling from the Internal Revenue Service or an unqualified written opinion addressed to the Trust and delivered to the Trustees of nationally recognized independent tax counsel experienced in such matters to the effect that such transfer will not (i) cause the Trust to be treated as issuing a class of interests in the Trust differing from the class of interests represented by the Common Securities originally issued to UAL, (ii) result in the Trust acquiring or disposing of, or being deemed to have acquired or disposed of, an asset, or (iii) result in or cause the Trust to be treated as anything other than a grantor trust for United States federal income tax purposes and (2) an unqualified written opinion addressed to the Trust and delivered to the Trustees of a nationally recognized independent counsel experienced in such matters that such transfer will not cause the Trust to be an Investment Company or controlled by an Investment Company.

###### SECTION 9.2 Transfer of Certificates.

The Regular Trustees shall provide for the registration of Certificates and of transfers of Certificates, which will be effected without charge but only upon payment (with such indemnity as the Regular Trustees may require) in respect of any tax or other government charges which may be imposed in relation to it. Upon surrender for registration of transfer of any Certificate, the Regular Trustees shall cause one or more new Certificates to be issued in the name of the designated transferee or transferees. Every Certificate surrendered for registration of transfer shall be accompanied by a written instrument of transfer in form satisfactory to the Regular Trustees duly executed by the Holder or such Holder's attorney duly authorized in writing. Each Certificate surrendered for registration of transfer shall be canceled by the Regular Trustees. A transferee of a Certificate shall be entitled to the rights and subject to the obligations of a Holder hereunder upon the receipt by such transferee of a Certificate. By acceptance of a Certificate, each transferee shall be deemed to have agreed to be bound by this Declaration. The Trust shall not be required (i) to issue, register the transfer of or exchange of any Securities during the period beginning at the opening of 15 business days before the mailing of a notice of redemption of Securities according to the terms of the Securities and ending at the close of business on the day of the mailing of the relevant notice of redemption or (ii) to register the transfer of or exchange of any Security so selected for redemption, in whole or in part, except the unredeemed portion of any Security being redeemed in part.

#### SECTION 9.3 Deemed Security Holders.

The Trustees may treat the Person in whose name any Certificate shall be registered on the books and records of the Trust as the sole holder of such Certificate and of the Securities represented by such Certificate for purposes of receiving Distributions and for all other purposes whatsoever and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Certificate or in the Securities represented by such Certificate on the part of any Person, whether or not the Trustees shall have actual or other notice thereof.

#### SECTION 9.4 Book Entry Interests.

The Preferred Securities Certificates, on original issuance, will be issued in fully registered form. With respect to any Certificates registered on the books and records of the Trust in the name of a Clearing Agency or the nominee of a Clearing Agency:

(i) the Trust and the Trustees shall be entitled to deal with the Clearing Agency for all purposes of this



Declaration (including paying Distributions on such Certificates and receiving approvals, votes or consents hereunder) as the Preferred Security Holder and the sole holder of such Certificates and, except as set forth herein, shall have no obligation to the Preferred Security Beneficial Owners;

(ii) to the extent that the provisions of this Section 9.4 conflict with any other provisions of this Declaration, the provisions of this Section 9.4 shall control; and

(iii) the rights of the Preferred Security Beneficial Owners shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Preferred Security Beneficial Owners and the Clearing Agency and/or the Clearing Agency Participants. The Clearing Agency will make book entry transfers among Clearing Agency Participants and receive and transmit payments of Distributions on such Certificates to such Clearing Agency Participants.

#### SECTION 9.5 Notices to Holders of Certificates.

Whenever a notice or other communication to the Holders is required to be given under this Declaration, the relevant Trustees shall give such notices and communications to the Holders and, with respect to any Preferred Security Certificate registered in the name of a Clearing Agency or the nominee of a Clearing Agency, the Trustees shall, except as set forth herein, have no obligations to the Preferred Security Beneficial Owners.

#### SECTION 9.6 Appointment of Successor Clearing Agency.

If any Clearing Agency elects to discontinue its services as securities depository with respect to the Preferred Securities, the Regular Trustees may, in their sole discretion, appoint a successor Clearing Agency with respect to the Preferred Securities.

#### SECTION 9.7 Definitive Preferred Securities Certificates.

If (i) a Clearing Agency elects to discontinue its services as securities depository with respect to the Preferred Securities and a successor Clearing Agency is not appointed within 90 days after such discontinuance pursuant to Section 9.6 or (ii) the Regular Trustees elect after consultation with the Sponsor to terminate the book entry system through the Clearing Agency with respect to the Preferred Securities, then upon surrender of the Certificates representing the Book Entry Interests with respect to the Preferred Securities by the Clearing Agency, accompanied by registration instructions, the Regular Trustees shall cause definitive Preferred Security Certificates to be delivered to Preferred Security Beneficial Owners in accordance with the

instructions of the Clearing Agency. Neither the Trustees nor the Trust shall be liable for any delay in delivery of such instructions and each of them may conclusively rely on, and shall be protected in relying on, such instructions.

SECTION 9.8 Mutilated, Destroyed, Lost or Stolen Certificates.

If (a) any mutilated Certificates should be surrendered to the Regular Trustees, or if the Regular Trustees shall receive evidence to their satisfaction of the destruction, loss or theft of any Certificate; and (b) there shall be delivered to the Regular Trustees such security or indemnity as may be required by them to keep each of them harmless, then in the absence of notice that such Certificate shall have been acquired by a bona fide purchaser, any two Regular Trustees on behalf of the Trust shall execute and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like denomination. In connection with the issuance of any new Certificate under this Section 9.8, the Regular Trustees may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith. Any duplicate Certificate issued pursuant to this Section shall constitute conclusive evidence of an ownership interest in the relevant Securities, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

ARTICLE X

LIMITATION OF LIABILITY; INDEMNIFICATION

SECTION 10.1 Exculpation.

(a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Trust or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Declaration or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's gross negligence (or, in the case of the Institutional Trustee or the Delaware Trustee, negligence) or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Trust and upon such information, opinions, reports or statements presented to the Trust by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional

or expert competence and who has been selected with reasonable care by or on behalf of the Trust, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders of Securities might properly be paid.

(c) Pursuant to Section 3803 (a) of the Business Trust Act, the Holders of Securities, in their capacities as Holders, shall be entitled to the same limitation of liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

#### SECTION 10.2 Indemnification.

(a) To the fullest extent permitted by applicable law, the Sponsor shall indemnify and hold harmless each Indemnified Person from and against any loss, damage or claim incurred by such Indemnified Person by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of authority conferred on such Indemnified Person by this Declaration, except that no Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of gross negligence (or, in the case of the Institutional Trustee or the Delaware Trustee, negligence) or willful misconduct with respect to such acts or omissions.

(b) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Sponsor prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Sponsor of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified as authorized in Section 10.2(a).

### ARTICLE XI

#### ACCOUNTING

##### SECTION 11.1 Fiscal Year.

The fiscal year ("Fiscal Year") of the Trust shall be the calendar year, or such other year as is required by the Code.

##### SECTION 11.2 Certain Accounting Matters.

(a) At all times during the existence of the Trust, the Regular Trustees shall keep, or cause to be kept, full books of

account, records and supporting documents, which shall reflect in reasonable detail each transaction of the Trust. The books of account shall be maintained on the accrual method of accounting, in accordance with generally accepted accounting principles, consistently applied. The Trust shall use the accrual method of accounting for United States federal income tax purposes. The books and records of the Trust, together with a copy of this Declaration and a certified copy of the Certificate of Trust, and any amendment thereto, shall at all times be maintained at the principal office of the Trust and shall be open for inspection for any examination by any Holder or its duly authorized representative for any purpose reasonably related to its interest in the Trust during normal business hours.

(b) If required by applicable law, the Regular Trustees shall, as soon as available after the end of each Fiscal Year of the Trust, cause to be prepared and mailed to each Holder of Securities unaudited financial statements of the Trust for such Fiscal Year, prepared in accordance with generally accepted accounting principles, provided that if the Trust is required to comply with the periodic reporting requirements of Sections 13(a) or 15(d) of the Exchange Act, such financial statements for such Fiscal Year shall be examined and reported on by a firm of independent certified public accountants selected by the Regular Trustees (which firm may be the firm used by the Sponsor).

(c) The Regular Trustees shall cause to be prepared and mailed to each Holder of Securities an annual United States federal income tax information statement, on such form as is required by the Code, containing such information with regard to the Securities held by each Holder as is required by the Code and the Treasury Regulations. Notwithstanding any right under the Code to deliver any such statement at a later date, the Regular Trustees shall endeavor to deliver all such statements within 30 days after the end of each Fiscal Year of the Trust.

(d) The Regular Trustees shall cause to be prepared and filed with the appropriate taxing authority an annual United States federal income tax return, on such form as is required by the Code, and any other annual income tax returns required to be filed by the Regular Trustees on behalf of the Trust with any state or local taxing authority, such returns to be filed as soon as practicable after the end of each Fiscal Year of the Trust.

#### SECTION 11.3 Banking.

The Trust shall maintain one or more bank accounts in the name and for the sole benefit of the Trust. The sole signatories for such accounts shall be designated by the Regular Trustees.

#### SECTION 11.4 Withholding.

The Trust and the Trustees shall comply with all withholding requirements under United States federal, state and local law. The Trust shall request, and the Holders shall provide to the Trust, such forms or certificates as are necessary to establish an exemption from withholding with respect to each Holder, and any representations and forms as shall reasonably be requested by the Trust to assist it in determining the extent of, and in fulfilling, its withholding obligations. The Trust shall file required forms with applicable jurisdictions and, unless an exemption from withholding is properly established by a Holder, shall remit amounts withheld with respect to the Holder to applicable jurisdictions. To the extent that the Trust is required to withhold and pay over any amounts to any authority with respect to distributions or allocations to any Holder, the amount withheld shall be deemed to be a distribution in the amount of the withholding to the Holder. In the event of any claimed overwithholding, Holders shall be limited to an action against the applicable jurisdiction. If the amount to be withheld was not withheld from a Distribution, the Trust may reduce subsequent Distributions by the amount of such withholding.

## ARTICLE XII

### AMENDMENTS AND MEETINGS

#### SECTION 12.1 Amendments.

(a) Except as otherwise provided in this Declaration or by any applicable terms of the Securities, this Declaration may be amended by, and only by, a written instrument executed by a majority of the Regular Trustees; provided, however, that (i) no amendment to this Declaration shall be made if such amendment or modification would cause the Trust to be classified for United States federal income tax purposes as other than a grantor trust or would cause the Trust to be deemed an "investment company" which is required to be registered under the 1940 Act, (ii) at such time after the Trust has issued any Securities which remain outstanding, any amendment which would adversely affect the rights, privileges or preferences of any Holder of Securities may be effected only with such additional requirements as may be set forth in the terms of such Securities, (iii) Section 4.2, Section 9.1(c) and this Section 12.1 shall not be amended without the consent of all of the Holders of the Securities, (iv) no amendment which adversely affects the rights, powers and privileges of the Institutional Trustee shall be made without the consent of the Institutional Trustee, (v) Article IV shall not be amended without the consent of the Sponsor and (vi) the rights of Holders of Common Securities under Article V to increase or decrease the number of, and to appoint, replace or remove, Trustees shall not be amended without the consent of each Holder of Common Securities.

(b) Notwithstanding Section 12.1(a)(ii), this Declaration may be amended without the consent of the Holders of the Securities to (i) cure any ambiguity, (ii) correct or supplement any provision in this Declaration that may be defective or inconsistent with any other provision of this Declaration, (iii) add to the covenants, restrictions or obligations of the Sponsor, (iv) preserve the status of the Trust as a grantor trust for federal income tax purposes, and (v) conform to any changes in Rule 3a-5 or any change in interpretation or application of Rule 3a-5 by the Commission, which amendment does not adversely affect the rights, preferences or privileges of the Holders.

SECTION 12.2 Meetings of the Holders of Securities; Action by Written Consent.

(a) Meetings of the Holders of Preferred Securities and/or Common Securities may be called at any time by the Regular Trustees (or as provided in the terms of the Securities) to consider and act on any matter on which Holders of such class of Securities are entitled to act under the terms of this Declaration, the terms of the Securities or the rules of any stock exchange on which the Preferred Securities are listed or admitted for trading. The Regular Trustees shall call a meeting of Holders of Preferred Securities or Common Securities, if directed to do so by Holders of at least 10% in liquidation amount of such class of Securities. Such direction shall be given by delivering to the Regular Trustees one or more calls in a writing stating that the signing Holders of Securities wish to call a meeting and indicating the general or specific purpose for which the meeting is to be called. Any Holders of Securities calling a meeting shall specify in writing the Certificates held by the Holders of Securities exercising the right to call a meeting and only those specified Certificates shall be counted for purposes of determining whether the required percentage set forth in the second sentence of this paragraph has been met.

(b) Except to the extent otherwise provided in the terms of the Securities, the following provision shall apply to meetings of Holders of Securities:

(i) Notice of any such meeting shall be given by mail to all the Holders of Securities having a right to vote thereat not less than 7 days nor more than 60 days prior to the date of such meeting. Whenever a vote, consent or approval of the Holders of Securities is permitted or required under this Declaration or the rules of any stock exchange on which the Preferred Securities are listed or admitted for trading, such vote, consent or approval may be given at a meeting of the Holders of Securities. Any action that may be taken at a meeting of the Holders of Securities may be taken without a meeting if a consent in writing setting forth the action so taken is signed by Holders of Securities owning not less than the minimum aggregate

liquidation amount of Securities that would be necessary to authorize or take such action at a meeting at which all Holders of Securities having a right to vote thereon were present and voting. Prompt notice of the taking of action without a meeting shall be given to the Holders of Securities entitled to vote who have not consented in writing. The Regular Trustees may specify that any written ballot submitted to the Holders of Securities for the purpose of taking any action without a meeting shall be returned to the Trust within the time specified by the Regular Trustees.

(ii) Each Holder of a Security may authorize any Person to act for it by proxy on all matters in which a Holder of a Security is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Holder of the Security executing it. Except as otherwise provided herein or in the terms of the Securities, all matters relating to the giving, voting or validity of proxies shall be governed by the General Corporation Law of the State of Delaware relating to proxies, and judicial interpretations thereunder, as if the Trust were a Delaware corporation and the Holders of the Securities were stockholders of a Delaware corporation.

(iii) Each meeting of the Holders of the Securities shall be conducted by the Regular Trustees or by such other Person that the Regular Trustees may designate.

(iv) Unless otherwise provided in the Business Trust Act, this Declaration or the rules of any stock exchange on which the Preferred Securities are then listed or admitted for trading, the Regular Trustees, in their sole discretion, shall establish all other provisions relating to meetings of Holders of Securities, including notice of the time, place or purpose of any meeting at which any matter is to be voted on by any Holders of Securities, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy or any other matter with respect to the exercise of any such right to vote.

#### ARTICLE XIII

##### REPRESENTATIONS OF INSTITUTIONAL TRUSTEE AND DELAWARE TRUSTEE

###### SECTION 13.1 Representations and Warranties of Institutional Trustee.

(a) The Trustee which acts as initial Institutional Trustee represents and warrants to the Trust and to the Sponsor at the date of this Declaration, and each Successor Institutional

Trustee represents and warrants to the Trust and the Sponsor at the time of the Successor Institutional Trustee's acceptance of its appointment as Institutional Trustee, that:

(i) The Institutional Trustee is a banking corporation with trust powers, duly organized, validly existing and in good standing under the laws of the State of its incorporation, with trust power and authority to execute and deliver, and to carry out and perform its obligations under the terms of, this Declaration.

(ii) The execution, delivery and performance by the Institutional Trustee of this Declaration has been duly authorized by all necessary corporate action on the part of the Institutional Trustee. The Declaration has been duly executed and delivered by the Institutional Trustee, and constitutes a legal, valid and binding obligation of the Institutional Trustee, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium, insolvency, and other similar laws affecting creditors' rights generally and to general principles of equity and the discretion of the court (regardless of whether the enforcement of such remedies is considered in a proceeding in equity or at law).

(iii) The execution, delivery and performance of this Declaration by the Institutional Trustee do not conflict with or constitute a breach of the Charter or By-laws of the Institutional Trustee.

(iv) No consent, approval or authorization of, or registration with or notice to, any banking authority which supervises or regulates the Institutional Trustee is required for the execution, delivery or performance by the Institutional Trustee of this Declaration.

(v) The Institutional Trustee satisfies the qualifications set forth in Section 5.1(c).

(b) The Trustee which acts as initial Delaware Trustee represents and warrants to the Trust and the Sponsor at the date of this Declaration, and each Successor Delaware Trustee represents and warrants to the Trust and the Sponsor at the time of the Successor Delaware Trustee's acceptance of its appointment as Delaware Trustee, that it satisfies the qualifications set forth in Section 5.1(a)(3).

#### ARTICLE XIV

#### MISCELLANEOUS

#### SECTION 14.1 Notices.



All notices provided for in this Declaration shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by first class mail, as follows:

(a) if given to the Trust, in care of the Regular Trustees at the Trust's mailing address set forth below (or such other address as the Regular Trustees on behalf of the Trust may give notice of to the Holders of the Securities):

UAL Corporation Capital Trust I  
c/o UAL Corporation  
1200 East Algonquin Road  
Elk Grove Township, Illinois 60007  
Attention: Trustees  
Facsimile No: (847) 700-4683

(b) if given to the Institutional Trustee, at the mailing address of the Institutional Trustee set forth below (or such other address as the Institutional Trustee may give notice of to the Holders of the Securities):

The First National Bank of Chicago  
One First National Plaza, Suite 0216  
Chicago, Illinois 60670-0126  
Attention: Corporate Trust Department  
Facsimile No: (312) 407-1708

(c) if given to the Delaware Trustee, at the mailing address of the Delaware Trustee set forth below (or such other address as the Delaware Trustee may give notice of to the Holders of the Securities):

First Chicago Delaware Inc.  
300 King Street  
Wilmington, Delaware 19801  
Facsimile No: (312) 407-1708

(d) if given to the Holder of the Common Securities, at the mailing address of the Sponsor set forth below (or such other address as the Holder of the Common Securities may give notice to the Trust):

UAL Corporation  
1200 East Algonquin Road  
Elk Grove Township, Illinois 60007  
Attention: Corporate Secretary  
Facsimile No: (847) 700-4683

(e) if given to any other Holder, at the address set forth on the books and records of the Trust.

A copy of any notice to the Institutional Trustee or the Delaware Trustee shall also be sent to the Trust. All notices shall be deemed to have been given, when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid, except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 14.2 Undertaking for Costs.

All parties to this Declaration agree, and each Holder of any Securities by his or her acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Declaration, or in any suit against the Institutional Trustee for any action taken or omitted by it as Institutional Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 14.2 shall not apply to any suit instituted by the Institutional Trustee, to any suit instituted by any Holder of Preferred Securities, or group of Holders of Preferred Securities, holding more than 10% in aggregate liquidation amount of the outstanding Preferred Securities, or to any suit instituted by any Holder of Preferred Securities for the enforcement of the payment of the principal of (or premium, if any) or interest on the Debentures, on or after the respective due dates expressed in such Debentures.

SECTION 14.3 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE; PROVIDED HOWEVER, THAT THERE SHALL NOT BE APPLICABLE TO THE TRUST, THE TRUSTEES OR THIS DECLARATION ANY PROVISIONS OF THE LAWS (STATUTORY OR COMMON) OF THE STATE OF DELAWARE PERTAINING TO TRUSTS THAT RELATE TO OR REGULATE, IN A MANNER INCONSISTENT WITH THE TERMS HEREOF, (I) THE FILING WITH ANY COURT OR GOVERNMENTAL BODY OR AGENCY OF TRUSTEE ACCOUNTS OR SCHEDULES OF TRUSTEE FEES AND CHARGES, (II) AFFIRMATIVE REQUIREMENTS TO POST BONDS FOR TRUSTEES, OFFICERS, AGENTS OR EMPLOYEES OF A TRUST, (III) THE NECESSITY FOR OBTAINING COURT OR OTHER GOVERNMENTAL APPROVAL CONCERNING THE ACQUISITION, HOLDING OR DISPOSITION OF REAL OR PERSONAL PROPERTY, (IV) FEES OR OTHER SUMS PAYABLE TO TRUSTEES, OFFICERS, AGENTS OR EMPLOYEES OF A TRUST, (V) THE ALLOCATION OF RECEIPTS AND EXPENDITURES TO INCOME OR PRINCIPAL, (VI) RESTRICTIONS OR LIMITATIONS ON THE PERMISSIBLE NATURE, AMOUNT OR

CONCENTRATION OF TRUST INVESTMENTS OR REQUIREMENTS RELATING TO THE TITLING, STORAGE OR OTHER MANNER OF HOLDING OR INVESTING TRUST ASSETS, OR (VII) THE ESTABLISHMENT OF FIDUCIARY OR OTHER STANDARDS OF RESPONSIBILITIES OR LIMITATIONS ON THE ACTS OR POWERS OF TRUSTEES, THAT ARE INCONSISTENT WITH THE LIMITATIONS OR LIABILITIES OR AUTHORITIES AND POWERS OF TRUSTEES AS SET FORTH OR REFERENCED IN THIS AGREEMENT. SECTION 3540 OF TITLE 12 OF THE DELAWARE CODE SHALL NOT APPLY TO THE TRUST.

SECTION 14.4 Headings.

Headings contained in this Declaration are inserted for convenience of reference only and do not affect the interpretation of this Declaration or any provision hereof.

SECTION 14.5 Partial Enforceability.

If any provision of this Declaration, or the application of such provision to any Person or circumstance, shall be held invalid, the remainder of this Declaration, or the application of such provision to Persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

SECTION 14.6 Counterparts.

This Declaration may contain more than one counterpart of the signature pages and this Declaration may be executed by the affixing of the signature of the Sponsor and each of the Trustees to one of such counterpart signature pages. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

SECTION 14.7 Intention of the Parties.

It is the intention of the parties hereto that the Trust not be classified for United States federal income tax purposes an association taxable as a corporation or partnership but that the Trust be treated as a grantor trust for United States federal income tax purposes. The provisions of this Declaration shall be interpreted to further this intention of the parties.

SECTION 14.8 Successors and Assigns.

Whenever in this Declaration any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included, and all covenants and agreements in this Declaration by the Sponsor and the Trustees shall bind and inure to the benefit of their respective successors and assigns, whether or not so expressed.

IN WITNESS WHEREOF, the undersigned have caused these presents to be executed as of the day and year first above written.

UAL Corporation,  
as Sponsor

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
[ as Trustee ]

\_\_\_\_\_  
[ as Trustee ]

\_\_\_\_\_  
[ as Trustee ]

The First National Bank of Chicago  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

First Chicago Delaware Inc.  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

There personally appeared before me [\_\_\_\_\_] (on behalf of UAL Corporation ) and [\_\_\_\_\_] and [\_\_\_\_\_] who acknowledged the foregoing instrument to be his, her or its free act and deed and the free act and deed of UAL Corporation and the Trustees of UAL Corporation Capital Trust I.

Before me,

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

There personally appeared before me [\_\_\_\_\_] (on behalf of [\_\_\_\_\_] as Trustee) who acknowledged the foregoing instrument to be his, her or its free act and deed and the free act and deed of [\_\_\_\_\_] as Trustee.

Before me,

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

There personally appeared before me [\_\_\_\_\_] (on behalf of [\_\_\_\_\_] as Trustee) who acknowledged the foregoing instrument to be his, her or its free act and deed and the free act and deed of [\_\_\_\_\_] as Trustee.

Before me,

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

EXHIBIT A

CERTIFICATE OF TRUST  
OF  
UAL CORPORATION CAPITAL TRUST I

This Certificate of Trust of UAL Corporation Capital Trust I (the "Trust"), dated October 15, 1996, is being duly executed and filed by the undersigned, as trustees, to form a business trust under the Delaware Business Trust Act (12 Del.C. Sec. 3801 et seq.).

1. Name. The name of the business trust formed hereby is UAL Corporation Capital Trust I.

2. Delaware Trustee. The name and business address of the trustee of the Trust with a principal place of business in the State of Delaware are First Chicago Delaware Inc., a Delaware corporation, 300 King Street, Wilmington, Delaware 19801.

3. Effective Date. This Certificate of Trust shall be effective as of its filing.

IN WITNESS WHEREOF, the undersigned, being the trustees of the Trust at the time of filing this Certificate of Trust, have executed this Certificate of Trust as of the date first above written.

The First National Bank of Chicago,  
as trustee

By: /s/ Richard D. Manella  
-----  
Name: Richard D. Manella  
Title: Vice President

First Chicago Delaware Inc.,  
as trustee

By: /s/ Steven M. Wagner  
-----  
Name: Steven M. Wagner  
Title: Vice President

## EXHIBIT B

TERMS OF  
PREFERRED SECURITIES

Pursuant to Section 7.1 of the Amended and Restated Declaration of Trust of UAL Corporation Capital Trust I dated as of \_\_\_\_\_, 1996 (as amended from time to time, the "Declaration"), the designations, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Securities are set forth below (each capitalized term used but not defined herein having the meaning set forth in the Declaration):

1. Designation and Number. Preferred Securities of the Trust with an aggregate liquidation amount in the assets of the Trust of \_\_\_\_\_ (\_\_\_\_) and a liquidation amount in the assets of the Trust of \$25 per Preferred Security, are hereby designated as "[\_\_\_\_\_] % Trust Originated Preferred Securities." The Preferred Security Certificates evidencing the Preferred Securities shall be substantially in the form attached hereto as Annex I, with such changes and additions thereto or deletions therefrom as may be required by ordinary usage, custom or practice or to conform to the rules of any stock exchange on which the Preferred Securities are listed. The Preferred Securities shall be issued to former holders of Depository Shares ("Depository Shares") each representing 1/1,000 of a share of 12-1/4% Series B Preferred Stock (the "Series B Preferred"), of UAL Corporation ("UAL") in exchange for such Depository Shares pursuant to the Offer. In connection with such Offer and the purchase by UAL of the Common Securities, UAL will deposit in the Trust, and the Trust will purchase, respectively, as trust assets Debentures of UAL having an aggregate principal amount equal to \$[\_\_\_\_\_] , and bearing interest at an annual rate equal to the annual Distribution rate on the Preferred Securities and Common Securities and having payment and redemption provisions which correspond to the payment and redemption provisions of the Preferred Securities and Common Securities.

2. Distributions. (a) Periodic distributions payable on each Preferred Security will be fixed at a rate per annum of [\_\_\_\_\_] % (the "Coupon Rate") of the stated liquidation amount of \$25 per Preferred Security. Distributions in arrears will bear interest at the rate per annum of [\_\_\_\_\_] % thereof, compounded quarterly to the extent permitted by law. The term "Distributions" as used in these terms means such periodic cash distributions and any such interest payable unless otherwise stated. A Distribution will be made by the Institutional Trustee only to the extent that interest payments are made in respect of



the Debentures held by the Trust. The amount of Distributions payable for any period will be computed for any full quarterly Distribution period on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly Distribution period for which Distributions are computed, Distributions will be computed on the basis of the actual number of days elapsed in such a 30-day month.

(b) Distributions on the Preferred Securities will be cumulative, will accrue from November 1, 1996 and will be payable quarterly in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1996, except as otherwise described below, but only if and to the extent that interest payments are made in respect of the Debentures held by the Trust. In addition, Holders of Preferred Securities will be entitled to a cash distribution at the rate of 12-1/4% per annum of the liquidation amount thereof from November 1, 1996 through December 31, 1996, payable on December 31, 1996 ("Pre-Issuance Interest"). With the exception of Pre-Issuance Interest, so long as UAL shall not be in default in the payment of interest on the Debentures, UAL has the right under the Indenture for the Debentures to defer payments of interest by extending the interest payment period from time to time on the Debentures for a period not exceeding 20 consecutive quarterly interest periods (each, an "Extension Period") and, as a consequence, quarterly Distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at the rate of [\_\_\_\_\_] % per annum, compounded quarterly to the extent permitted by law during any such Extension Period. Prior to the termination of any such Extension Period, UAL may further extend such Extension Period; provided that such Extension Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarterly interest periods and provided further that no Extension Period may extend beyond the maturity of the Debentures. Upon the termination of any Extension Period and the payment on the next distribution payment date following such extension period of all amounts then due, UAL may commence a new Extension Period, subject to the above requirements. Any interest paid on the Debentures during an Extension Period on an Interest Payment Date shall be paid pro rata to the Holders of Preferred Securities on the corresponding distribution payment date. Payments of accrued Distributions will be payable to Holders of Preferred Securities as they appear on the books and records of the Trust on the record date for the first payment occurring on or after the end of the Extension Period.

(c) Distributions on the Preferred Securities will be payable promptly by the Institutional Trustee (or other Paying Agent) upon receipt of immediately available funds to the Holders thereof as they appear on the books and records of the Trust on the relevant record dates, which will be 15 calendar days prior to the relevant Distribution date, which record and payment dates

correspond to the record and interest payment dates on the Debentures. Distributions payable on any Preferred Securities that are not punctually paid on any Distribution payment date as a result of UAL having failed to make the corresponding interest payment on the Debentures will forthwith cease to be payable to the person in whose name such Preferred Security is registered on the relevant record date, and such defaulted Distribution will instead be payable to the person in whose name such Preferred Security is registered on the special record date established by the Regular Trustees, which record date shall correspond to the special record date or other specified date determined in accordance with the Indenture; provided, however, that Distributions shall not be considered payable on any Distribution payment date falling within an Extension Period unless UAL has elected to make a full or partial payment of interest accrued on the Debentures on such Distribution payment date. Subject to any applicable laws and regulations and the provisions of the Declaration, each payment in respect of the Preferred Securities will be made as described in paragraph 9 hereof. If any date on which Distributions are payable on the Preferred Securities is not a Business Day, then payment of the Distribution payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

(d) All Distributions paid with respect to the Preferred Securities and the Common Securities will be paid Pro Rata (as defined herein) to the Holders thereof entitled thereto. If an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to Distributions.

(e) In the event that there is any money or other property held by or for the Trust that is not accounted for under the Declaration, such money or property shall be distributed Pro Rata among the Holders of the Preferred Securities and Common Securities.

3. Liquidation Distribution Upon Dissolution. In the event of any voluntary or involuntary dissolution, winding-up or termination of the Trust, the Holders of the Preferred Securities and Common Securities at the date of the dissolution, winding-up or termination, as the case may be, will be entitled to receive Pro Rata solely out of the assets of the Trust available for distribution to Holders of Preferred Securities and Common Securities after satisfaction of liabilities to creditors, an amount equal to the aggregate of the stated liquidation amount of \$25 per Preferred Security and Common Security plus accrued and unpaid Distributions thereon to the date of payment (such amount

being the "Liquidation Distribution"), unless, in connection with such dissolution, winding-up or termination, and after satisfaction of liabilities to creditors, Debentures in an aggregate principal amount equal to the aggregate stated liquidation amount of such Preferred Securities and Common Securities and bearing accrued and unpaid interest in an amount equal to the accrued and unpaid Distributions on such Preferred Securities and Common Securities shall be distributed Pro Rata to the Holders of the Preferred Securities and Common Securities in exchange for such Securities.

If, upon any such dissolution, the Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Liquidation Distribution, then the amounts payable directly by the Trust on the Preferred Securities and Common Securities shall be paid on a Pro Rata basis, except that, if an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to such Liquidation Distribution.

4. Redemption and Distribution of Debentures. The Preferred Securities and Common Securities may only be redeemed if Debentures having an aggregate principal amount equal to the aggregate liquidation amount of the Preferred Securities and Common Securities are repaid, redeemed or distributed as set forth below:

(a) Upon the repayment of the Debentures, in whole or in part, whether at maturity, or upon redemption at any time or from time to time on or after July 12, 2004, the proceeds of such repayment will be promptly applied to redeem Pro Rata Preferred Securities and Common Securities having an aggregate liquidation amount equal to the aggregate principal amount of the Debentures so repaid or redeemed, upon not less than 10 nor more than 60 days' notice, at a redemption price of \$25 per Preferred and Common Security plus an amount equal to accrued and unpaid Distributions thereon to the date of redemption, payable in cash (the "Redemption Price"). The date of any such repayment or redemption of Preferred Securities and Common Securities shall be established to coincide with the repayment or redemption date of the Debentures.

(b) The Common Securities will be entitled to be redeemed on a Pro Rata basis with the Preferred Securities, except that if an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to the payment of the Redemption Price. If fewer than all the outstanding Preferred Securities and Common Securities are to be so redeemed, the Preferred Securities and the Common Securities will be redeemed Pro Rata and the Preferred Securities to be redeemed will be redeemed as described in paragraph

4(f)(ii) below. If a partial redemption would result in the delisting of the Preferred Securities by any national securities exchange or other organization on which the Preferred Securities are then listed, UAL pursuant to the Indenture will only redeem Debentures in whole and, as a result, the Trust may only redeem the Preferred Securities in whole.

(c) If, at any time, a Tax Event or an Investment Company Event (each as hereinafter defined, and each a "Special Event") shall occur and be continuing, the Regular Trustees shall, unless the Debentures are redeemed in the limited circumstances described below, dissolve the Trust and, after satisfaction of creditors, cause Debentures held by the Institutional Trustee having an aggregate principal amount equal to the aggregate stated liquidation amount of and accrued and unpaid interest equal to accrued and unpaid Distributions on, and having the same record date for payment as, the Preferred Securities and Common Securities, to be distributed to the Holders of the Preferred Securities and Common Securities on a Pro Rata basis in liquidation of such Holders' interests in the Trust, within 90 days following the occurrence of such Special Event (the "90 Day Period"), provided, however, that in the case of the occurrence of a Tax Event, as a condition of such dissolution and distribution, the Regular Trustees shall have received an opinion (a "No Recognition Opinion") of a nationally recognized independent tax counsel experienced in such matters, which opinion may rely on any then applicable published revenue ruling of the Internal Revenue Service, to the effect that the Holders of the Preferred Securities will not recognize any gain or loss for United States federal income tax purposes as a result of the dissolution of the Trust and distribution of Debentures; and provided, further, that, if and as long as at the time there is available to the Trust the opportunity to eliminate, within the 90 Day Period, the Special Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure that has no adverse effect on the Trust, UAL, or the Holders of the Preferred Securities ("Ministerial Action"), the Trust will pursue such measure in lieu of dissolution.

If in the case of the occurrence of a Tax Event, (i) the Regular Trustees have received an opinion (a "Redemption Tax Opinion") of nationally recognized independent tax counsel experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that UAL would be precluded from deducting the interest on the Debentures for United States federal income tax purposes even if the Debentures were distributed to the Holders of Preferred Securities and Common Securities in liquidation of such Holder's interest in the Trust as described in this paragraph 4(c) or (ii) the Regular Trustees shall have been informed by such tax counsel that a No Recognition Opinion cannot be delivered to the Trust, UAL shall

have the right at any time, upon not less than 10 nor more than 60 days notice, to redeem the Debentures in whole or in part for cash at the Redemption Price within 90 days following the occurrence of such Tax Event, and promptly following such redemption Preferred Securities and Common Securities with an aggregate liquidation amount equal to the aggregate principal amount of the Debentures so redeemed will be redeemed by the Trust at the Redemption Price on a Pro Rata basis; provided, however, that, if at the time there is available to UAL or the Regular Trustees on behalf of the Trust the opportunity to eliminate, within such 90 day period, the Tax Event by taking some Ministerial Action, UAL or the Regular Trustees on behalf of the Trust will pursue such measure in lieu of redemption, and provided further that UAL shall have no right to redeem the Debentures while the Regular Trustees on behalf of the Trust are pursuing such Ministerial Action. The Common Securities will be redeemed Pro Rata with the Preferred Securities, except that, if an Event of Default under the Indenture has occurred and is continuing, the Preferred Securities will have a priority over the Common Securities with respect to payment of the Redemption Price.

"Tax Event" means that the Regular Trustees shall have obtained an opinion (a "Dissolution Tax Opinion") of nationally recognized independent tax counsel experienced in such matters to the effect that on or after the Expiration Date as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any amendment to, or change in, an interpretation or application of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), (c) any interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the theretofore generally accepted position or (d) any action taken by any governmental agency or regulatory authority, which amendment or change is enacted, promulgated, issued or announced or which interpretation or pronouncement is issued or announced or which action is taken, in each case on or after the Expiration Date, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date thereof, subject to United States federal income tax with respect to income accrued or received on the Debentures, (ii) the Trust is, or will be within 90 days of the date thereof, subject to more than a de minimis amount of taxes, duties or other governmental charges or (iii) interest payable by UAL to the Trust on the Debentures is not, or within 90 days of the date thereof will not be, deductible by UAL for United States federal income tax purposes.

"Investment Company Event" means that the Regular Trustees shall have received an opinion of nationally recognized independent counsel experienced in practice under the Investment Company Act that, as a result of the occurrence of a change in law or regulation or a change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority or of the staff of such governmental agency or regulatory authority (a "Change in 1940 Act Law"), there is more than an insubstantial risk that the Trust is or will be considered an Investment Company which is required to be registered under the Investment Company Act, which Change in 1940 Act Law becomes effective on or after the Expiration Date.

On the date fixed for any distribution of Debentures, upon dissolution of the Trust, (i) the Preferred Securities will no longer be deemed to be outstanding and (ii) certificates representing Preferred Securities will be deemed to represent beneficial interests in the Debentures having an aggregate principal amount equal to the stated liquidation amount of, and bearing accrued and unpaid interest equal to accrued and unpaid Distributions on, such Preferred Securities until such certificates are presented to UAL or its agent for transfer or reissuance.

(d) The Trust may not redeem fewer than all the outstanding Preferred Securities unless all accrued and unpaid Distributions have been paid on all Preferred Securities for all quarterly Distribution periods terminating on or prior to the date of redemption.

(e) If Debentures are distributed to Holders of the Preferred Securities, UAL, pursuant to the terms of the Indenture, will use its best efforts to have the Debentures listed on the New York Stock Exchange or on such other exchange as the Preferred Securities were listed immediately prior to the distribution of the Debentures.

(f) (i) Notice of any redemption of, or notice of distribution of Debentures in exchange for, the Preferred Securities and Common Securities (a "Redemption/Distribution Notice") will be given by the Regular Trustees on behalf of the Trust by mail to each Holder of Preferred Securities and Common Securities to be redeemed or exchanged not less than 10 nor more than 60 days prior to the date fixed for redemption or exchange thereof. For purposes of the calculation of the date of redemption or exchange and the dates on which notices are given pursuant to this paragraph (f)(i), a Redemption/Distribution Notice shall be deemed to be given on the day such notice is first mailed by first class mail, postage prepaid, to Holders of Preferred Securities and Common Securities. Each Redemption/ Distribution Notice shall be addressed to the Holders of

Preferred Securities and Common Securities at the address of each such Holder appearing in the books and records of the Trust. No defect in the Redemption/Distribution Notice or in the mailing of either thereof with respect to any Holder shall affect the validity of the redemption or exchange proceedings with respect to any other Holder.

(ii) In the event that fewer than all the outstanding Preferred Securities are to be redeemed (subject to adjustment to eliminate fractional Preferred Securities), the Preferred Securities to be redeemed will be redeemed Pro Rata from each Holder of Preferred Securities, it being understood that, in respect of Preferred Securities registered in the name of and held of record by DTC (or successor Clearing Agency) or any other nominee, the distribution of the proceeds of such redemption will be made to each Clearing Agency Participant (or Person on whose behalf such nominee holds such securities) in accordance with the procedures applied by such agency or nominee.

(iii) If the Trust gives a Redemption/Distribution Notice in respect of a redemption of Preferred Securities as provided in this paragraph 4 (which notice will be irrevocable) then immediately prior to the close of business on the redemption date, provided that UAL has paid to the Trust in immediately available funds a sufficient amount of cash in connection with the related redemption or maturity of the Debentures, Distributions will cease to accrue on the Preferred Securities called for redemption, such Preferred Securities will no longer be deemed to be outstanding and all rights of Holders of such Preferred Securities so called for redemption will cease, except the right of the Holders of such Preferred Securities to receive the Redemption Price, but without interest on such Redemption Price. Neither the Trustees nor the Trust shall be required to register or cause to be registered the transfer of any Preferred Securities which have been so called for redemption. If any date fixed for redemption of Preferred Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Redemption Price in respect of Preferred Securities is improperly withheld or refused and not paid either by the Trust or by UAL pursuant to the Preferred Securities Guarantee, Distributions on such Preferred Securities will continue to accrue, from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Redemption Price.

(iv) Redemption/Distribution Notices shall be sent by the Regular Trustees on behalf of the Trust to the Holders of the Preferred Securities.

(v) Upon the date of dissolution of the Trust and distribution of Debentures as a result of the occurrence of a Special Event, Preferred Security Certificates shall be deemed to represent beneficial interests in the Debentures so distributed, and the Preferred Securities will no longer be deemed outstanding and may be canceled by the Regular Trustees. The Debentures so distributed shall have an aggregate principal amount equal to the aggregate liquidation amount of the Preferred Securities so distributed.

(vi) Subject to the foregoing and applicable law (including, without limitation, United States federal securities laws), UAL or any of its subsidiaries may at any time and from time to time purchase outstanding Preferred Securities by tender, in the open market or by private agreement.

5. Voting Rights. (a) Except as provided under paragraph 5(b) below and as otherwise required by law and the Declaration, the Holders of the Preferred Securities will have no voting rights.

(b) If any proposed amendment to the Declaration provides for, or the Regular Trustees otherwise propose to effect, (i) any action that would adversely affect the powers, preferences or special rights of the Securities, whether by way of amendment to the Declaration or otherwise, or (ii) the dissolution, winding-up or termination of the Trust, other than in connection with the distribution of Debentures held by the Institutional Trustee, upon the occurrence of a Special Event or in connection with the redemption of Preferred Securities as a consequence of a redemption of Debentures, then the Holders of outstanding Securities will be entitled to vote on such amendment or proposal as a class and such amendment or proposal shall not be effective except with the approval of the Holders of Securities representing a Majority in liquidation amount of such Securities; provided, however, (A) if any amendment or proposal referred to in clause (i) above would adversely affect only the Preferred Securities or the Common Securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of a Majority in liquidation amount of such class of Securities and (B) amendments to the Declaration shall be subject to such further requirements as are set forth in Sections 12.1 and 12.2 of the Declaration.

In the event the consent of the Institutional Trustee, as the holder of the Debentures, is required under the Indenture with respect to any amendment, modification or termination of the



Indenture or the Debentures, the Institutional Trustee shall request the written direction of the Holders of the Securities with respect to such amendment, modification or termination. The Institutional Trustee shall vote with respect to such amendment, modification or termination as directed by a Majority in liquidation amount of the Securities voting together as a single class (and in the case of any other UAL Corporation Capital Trust holding debt securities issued under the Indenture, voting with the holders of securities of such other UAL Corporation Capital Trust); provided that where such amendment, modification or termination of the Indenture requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, the Institutional Trustee may only vote with respect to that amendment, modification or termination as directed by, in the case of clause (1) above, the vote of Holders of Securities representing such specified percentage of the aggregate liquidation amount of the Securities, or, in the case of clause (2) above, each Holder of Securities; and provided, further, that the Institutional Trustee shall be under no obligation to take any action in accordance with the directions of the Holders of Securities unless the Institutional Trustee shall have received, at the expense of the Sponsor, an opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States federal income tax purposes following such action.

Subject to Section 2.6 of the Declaration, and the provisions of this and the next two succeeding paragraphs, the Holders of a Majority in liquidation amount of the Preferred Securities, voting separately as a class, shall have the right to (A) on behalf of all Holders of Preferred Securities, waive any past default, and its consequences, that is waivable under the Declaration (subject to, and in accordance with, the Declaration) and (B) direct the time, method, and place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee under the Declaration, including the right to direct the Institutional Trustee, as the holder of the Debentures (and in the case of any other UAL Corporation Capital Trust holding debt securities issued under the Indenture, voting with the holders of preferred securities of such other UAL Corporation Capital Trust), to (i) direct the time, method and place of conducting any proceeding for any remedy available to the Debenture Trustee, or exercising any trust or power conferred on the Debenture Trustee with respect to the Debentures, (ii) waive any past default and its consequences that is waivable under Section 5.7 of the Indenture, or (iii) exercise any right to rescind or annul a declaration that the principal of all the Debentures shall be

due and payable; provided that where the taking of any action under the Indenture requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, the Institutional Trustee may only take such action if directed by, in the case of clause (1) above, the vote of Holders of Preferred Securities representing such specified percentage of the aggregate liquidation amount of the Preferred Securities, or, in the case of clause (2) above, each Holder of Preferred Securities. The Institutional Trustee shall not revoke, or take any action inconsistent with, any action previously authorized or approved by a vote of the Holders of the Preferred Securities.

Other than with respect to directing the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee or the Debenture Trustee as set forth above, the Institutional Trustee shall be under no obligation to take any of the foregoing actions at the direction of the Holders of Preferred Securities unless the Institutional Trustee shall have received, at the expense of the Sponsor, an opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States federal income tax purposes following such action. If the Institutional Trustee fails to enforce its rights under the Declaration (including, without limitation, its rights, powers and privileges as a holder of the Debentures under the Indenture), any Holder of Preferred Securities may, upon such Holder's written request to the Institutional Trustee to enforce such rights, institute a legal proceeding directly against UAL to enforce the Institutional Trustee's rights under the Declaration, without first instituting a legal proceeding against the Institutional Trustee or any other Person; provided that any Holder of Preferred Securities may institute a direct action without prior request to the Institutional Trustee to enforce the payment obligations on the Debentures.

A waiver of an Indenture Event of Default by the Institutional Trustee at the direction of the Holders of the Preferred Securities will constitute a waiver of the corresponding Event of Default under the Declaration in respect of the Securities.

Any required approval or direction of Holders of Preferred Securities may be given at a separate meeting of Holders of Preferred Securities convened for such purpose, at a meeting of all of the Holders of Securities of the Trust or pursuant to written consent. The Regular Trustees will cause a notice of any meeting at which Holders of Preferred Securities are entitled to

vote, or of any matter upon which action by written consent of such Holders is to be taken, to be mailed to each Holder of record of Preferred Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any resolution proposed for adoption at such meeting on which such Holders are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

No vote or consent of the Holders of Preferred Securities will be required for the Trust to redeem and cancel Preferred Securities or distribute Debentures in accordance with the Declaration.

Notwithstanding that Holders of Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Preferred Securities at such time that are owned by UAL or by any entity directly or indirectly controlling or controlled by or under direct or indirect common control with UAL shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if they were not outstanding.

Holders of the Preferred Securities will have no rights to increase or decrease the number of Trustees or to appoint, remove or replace a Trustee, which voting rights are vested solely in the Holders of the Common Securities.

6. Pro Rata Treatment. A reference in these terms of the Preferred Securities to any payment, distribution or treatment as being "Pro Rata" shall mean pro rata to each Holder of Securities according to the aggregate liquidation amount of the Securities held by the relevant Holder in relation to the aggregate liquidation amount of all Securities outstanding unless, in relation to a payment, an Event of Default has occurred and is continuing, in which case any funds available to make such payment shall be paid first to each Holder of the Preferred Securities pro rata according to the aggregate liquidation amount of Preferred Securities held by the relevant Holder relative to the aggregate liquidation amount of all Preferred Securities outstanding, and only after satisfaction of all amounts owed to the Holders of the Preferred Securities, to each Holder of Common Securities pro rata according to the aggregate liquidation amount of Common Securities held by the relevant Holder relative to the aggregate liquidation amount of all Common Securities outstanding.

7. Ranking. The Preferred Securities rank pari passu and payment thereon will be made Pro Rata with the Common Securities except that, where an Event of Default occurs and is continuing, the rights of Holders of Preferred Securities to payment in

respect of Distributions and payments upon liquidation, redemption or otherwise rank in priority to the rights of Holders of the Common Securities.

8. Mergers, Consolidations or Amalgamations. The Trust may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets to, any corporation or other body.

9. Transfer, Exchange, Method of Payments. Payment of Distributions and payments on redemption of the Preferred Securities will be payable, the transfer of the Preferred Securities will be registrable, and Preferred Securities will be exchangeable for Preferred Securities of other denominations of a like aggregate liquidation amount, at the principal corporate trust office of the Institutional Trustee in [the City of New York]; provided that payment of Distributions may be made at the option of the Regular Trustees on behalf of the Trust by check mailed to the address of the Persons entitled thereto and that the payment on redemption of any Preferred Security will be made only upon surrender of such Preferred Security to the Institutional Trustee.

10. Acceptance of Indenture and Preferred Guarantee. Each Holder of Preferred Securities, by the acceptance thereof, agrees to the provisions of (i) the Preferred Guarantee, including the subordination provisions therein and (ii) the Indenture and the Debentures, including the subordination provisions of the Indenture.

11. No Preemptive Rights. The Holders of Preferred Securities shall have no preemptive or similar rights to subscribe to any additional Preferred Securities or Common Securities.

12. Miscellaneous. These terms shall constitute a part of the Declaration. The Trust will provide a copy of the Declaration and the Indenture to a Holder without charge on written request to the Trust at its principal place of business.

## Annex I

Certificate Number	Number of Preferred Securities
B-__	_____
CUSIP NO. _____	

## Certificate Evidencing Preferred Securities

of

UAL Corporation Capital Trust I

[\_\_\_\_\_] % Trust Originated Preferred Securities

(liquidation amount \$25 per Preferred Security)

UAL Corporation Capital Trust I, a statutory business trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that \_\_\_\_\_ (the "Holder") is the registered owner of \_\_\_\_\_ (\_\_\_\_\_) preferred securities of the Trust representing undivided beneficial interests in the assets of the Trust designated the [\_\_\_\_\_] % Trust Originated Preferred Securities (liquidation amount \$25 per Preferred Security) (the "Preferred Securities"). The Preferred Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Securities are set forth in, and this certificate and the Preferred Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Declaration of Trust of the Trust dated as of [\_\_\_\_\_] , 1996, as the same may be amended from time to time (the "Declaration") including the designation of the terms of Preferred Securities as set forth in Exhibit B thereto. The Preferred Securities and the Common Securities issued by the Trust pursuant to the Declaration represent undivided beneficial interests in the assets of the Trust, including the Debentures (as defined in the Declaration) issued by UAL Corporation, a Delaware corporation ("UAL"), to the Trust pursuant to the Indenture referred to in the Declaration. The Holder is entitled to the benefits of the Guarantee Agreement of UAL dated as of [\_\_\_\_\_] , 1996, as the same may be amended from time to time (the "Guarantee"), to the extent provided therein. The Trust will furnish a copy of the Declaration, the Guarantee and the Indenture to the Holder

without charge upon written request to the Trust at its principal place of business or registered office.

The Holder of this Certificate, by accepting this Certificate, is deemed to have (i) agreed to the terms of the Indenture and the Debentures, including that the Debentures are subordinate and junior in right of payment to all Senior Indebtedness (as defined in the Indenture) as and to the extent provided in the Indenture and (ii) agreed to the terms of the Guarantee, including that the Guarantee is subordinate and junior in right of payment to all other liabilities of UAL, including the Debentures, except those made pari passu or subordinate by their terms, and senior to all capital stock now or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of any of its capital stock.

Upon receipt of this certificate, the Holder is bound by the Declaration and is entitled to the benefits thereunder.

IN WITNESS WHEREOF, Trustees of the Trust have executed this Certificate as of [\_\_\_\_], 1996.

UAL CORPORATION CAPITAL TRUST I

By: \_\_\_\_\_  
Name:  
Title: Trustee

By: \_\_\_\_\_  
Name:  
Title: Trustee

Countersigned and Registered:

[\_\_\_\_\_]

Transfer Agent and Registrar

By: \_\_\_\_\_  
Authorized Signature

The Trust will furnish without charge to any registered owner of Preferred Securities who so requests, copies of the Declaration, the Guarantee and the Indenture. Any such request should be addressed to UAL Corporation Capital Trust I, c/o Secretary, UAL Corporation, 1200 East Algonquin Road, Elk Grove Township, Illinois 60007 or to the Registrar named on the face of this Certificate.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM -- as tenants in common
- UNIF GIFT MIN ACT -- under Uniform Gifts to Minors Act and not as tenants
- TENENT -- as tenants by the entireties
- JT TEN -- as joint tenants with right of survival

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

\_\_\_\_\_

(Please insert social security or other identifying number of assignee)

\_\_\_\_\_

(Insert address and zip code of assignee)

the within Certificate and all rights and interests represented by the Preferred Securities evidenced thereby, and hereby irrevocably constitutes and appoints \_\_\_\_\_

attorney to transfer the said Preferred Securities on the books of the within-named Trust with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Note: The signature(s) to this assignment must correspond with the name(s) as written upon the face of this certificate in every particular, without alteration or enlargement, or any change whatever.

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" that is a member or participant in a "signature guarantee program" (i.e., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).



## TERMS OF COMMON SECURITIES

Pursuant to Section 7.1 of the Amended and Restated Declaration of Trust of UAL Corporation Capital Trust I dated as of \_\_\_\_\_, 1996 (as amended from time to time, the "Declaration"), the designations, rights, privileges, restrictions, preferences and other terms and provisions of the Common Securities are set forth below (each capitalized term used but not defined herein having the meaning set forth in the Declaration):

1. Designation and Number. Common Securities of the Trust with an aggregate liquidation amount in the assets of the Trust of \_\_\_\_\_ (\_\_\_\_\_) and a liquidation amount in the assets of the Trust of \$25 per Common Security, are hereby designated as "[\_\_\_\_\_] % Trust Originated Common Securities." The Common Security Certificates evidencing the Common Securities shall be substantially in the form attached hereto as Annex I, with such changes and additions thereto or deletions therefrom as may be required by ordinary usage, custom or practice. The Common Securities are to be issued and sold to UAL Corporation ("UAL") in consideration of \$[\_\_\_\_\_] in cash. In connection with the Offer and the purchase by UAL of the Common Securities, UAL will deposit in the Trust, and the Trust will purchase, respectively, as trust assets Debentures of UAL having an aggregate principal amount equal to \$[\_\_\_\_\_] , and bearing interest at an annual rate equal to the annual Distribution rate on the Preferred Securities and Common Securities and having payment and redemption provisions which correspond to the payment and redemption provisions of the Preferred Securities and Common Securities.

2. Distributions. (a) Periodic distributions payable on each Common Security will be fixed at a rate per annum of [\_\_\_\_\_] % (the "Coupon Rate") of the stated liquidation amount of \$25 per Common Security. Distributions in arrears for more than one quarter will bear interest at the rate per annum of [\_\_\_\_\_] % thereof (to the extent permitted by applicable law), compounded quarterly to the extent permitted by law. The term "Distributions" as used in these terms means such periodic cash distributions and any such interest payable unless otherwise stated. A Distribution will be made by the Institutional Trustee only to the extent that interest payments are made in respect of the Debentures held by the Trust. The amount of Distributions payable for any period will be computed for any full quarterly Distribution period on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly Distribution period for which Distributions are computed,

Distributions will be computed on the basis of the actual number of days elapsed in such a 30-day month.

(b) Distributions on the Common Securities will be cumulative, will accrue from [\_\_\_\_], 1996 and will be payable quarterly in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1996, except as otherwise described below, but only if and to the extent that interest payments are made in respect of the Debentures held by the Trust. In addition, Holders of Common Securities will be entitled to a cash distribution at the rate of 12- 1/4% per annum of the liquidation amount thereof from November 1, 1996 through December 31, 1996, payable on December 31, 1996 ("Pre-Issuance Interest"). With the exception of Pre-Issuance Interest, so long as UAL shall not be in default in the payment of interest on the Debentures, UAL has the right under the Indenture for the Debentures to defer payments of interest by extending the interest payment period from time to time on the Debentures for a period not exceeding 20 consecutive quarterly interest periods (each, an "Extension Period") and, as a consequence, quarterly Distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at the rate of [\_\_\_\_]% per annum, compounded quarterly to the extent permitted by law during any such Extension Period. Prior to the termination of any such Extension Period, UAL may further extend such Extension Period; provided that such Extension Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarterly interest periods and provided further that no Extension Period may extend beyond the maturity of the Debentures. Upon the termination of any Extension Period and the payment on the next distribution payment date following such Extension Period of all amounts then due, UAL may commence a new Extension Period, subject to the above requirements. Any interest paid on the Debentures during an Extension Period on an Interest Payment Date shall be paid pro rata to the Holders of Preferred Securities on the corresponding distribution payment date. Payments of accrued Distributions will be payable to Holders of Common Securities as they appear on the books and records of the Trust on the record date for the first payment occurring on or after the end of the Extension Period.

(c) Distributions on the Common Securities will be payable promptly by the Institutional Trustee (or other Paying Agent) upon receipt of immediately available funds to the Holders thereof as they appear on the books and records of the Trust on the relevant record dates, which will be 15 calendar days prior to the relevant Distribution date, which record and payment dates correspond to the record and interest payment dates on the Debentures. Distributions payable on any Common Securities that are not punctually paid on any Distribution payment date as a result of UAL having failed to make the corresponding interest

payment on the Debentures will forthwith cease to be payable to the person in whose name such Common Security is registered on the relevant record date, and such defaulted Distribution will instead be payable to the Person in whose name such Common Security is registered on the special record date established by the Regular Trustees, which record date shall correspond to the special record date or other specified date determined in accordance with the Indenture; provided, however, that Distributions shall not be considered payable on any Distribution payment date falling within an Extension Period unless UAL has elected to make a full or partial payment of interest accrued on the Debentures on such Distribution payment date. Subject to any applicable laws and regulations and the provisions of the Declaration, each payment in respect of the Common Securities will be made as described in paragraph 9 hereof. If any date on which Distributions are payable on the Common Securities is not a Business Day, then payment of the Distribution payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

(d) All Distributions paid with respect to the Common Securities and the Preferred Securities will be paid Pro Rata (as defined herein) to the Holders thereof entitled thereto. If an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to Distributions

(e) In the event that there is any money or other property held by or for the Trust that is not accounted for under the Declaration, such money or property shall be distributed Pro Rata among the Holders of the Preferred Securities and Common Securities.

3. Liquidation Distribution Upon Dissolution. In the event of any voluntary or involuntary dissolution, winding-up or termination of the Trust, the Holders of the Preferred Securities and Common Securities at the date of the dissolution, winding-up or termination, as the case may be, will be entitled to receive Pro Rata solely out of the assets of the Trust available for distribution to Holders of Preferred Securities and Common Securities, after satisfaction of liabilities to creditors, an amount equal to the aggregate of the stated liquidation amount of \$25 per Preferred Security and Common Security plus accrued and unpaid Distributions thereon to the date of payment (such amount being the "Liquidation Distribution"), unless, in connection with such dissolution, winding-up or termination, and after satisfaction of liabilities to creditors, Debentures in an aggregate principal amount equal to the aggregate stated

liquidation amount of such Preferred Securities and Common Securities bearing accrued and unpaid interest in an amount equal to the accrued and unpaid Distributions on such Preferred Securities and Common Securities shall be distributed Pro Rata to the Holders of the Preferred Securities and Common Securities in exchange for such Securities.

If, upon any such dissolution, the Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Liquidation Distribution, then the amounts payable directly by the Trust on the Preferred Securities and Common Securities shall be paid on a Pro Rata basis, except that, if an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to such Liquidation Distribution.

4. Redemption and Distribution of Debentures. The Preferred Securities and Common Securities may only be redeemed if Debentures having an aggregate principal amount equal to the aggregate liquidation amount of the Preferred Securities and Common Securities are repaid, redeemed or distributed as set forth below:

(a) Upon the repayment of the Debentures, in whole or in part, whether at maturity, or upon redemption at any time or from time to time on or after July 12, 2004, the proceeds of such repayment will be promptly applied to redeem Pro Rata Preferred Securities and Common Securities having an aggregate liquidation amount equal to the aggregate principal amount of the Debentures so repaid or redeemed, upon not less than 10 nor more than 60 days' notice, at a redemption price of \$25 per Preferred and Common Security plus an amount equal to accrued and unpaid Distributions thereon to the date of redemption, payable in cash (the "Redemption Price"). The date of any such repayment or redemption of Preferred Securities and Common Securities shall be established to coincide with the repayment or redemption date of the Debentures.

(b) The Common Securities will be entitled to be redeemed on a Pro Rata basis with the Preferred Securities, except that if an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to the payment of the Redemption Price. If fewer than all the outstanding Preferred Securities and Common Securities are to be so redeemed, the Preferred Securities and the Common Securities will be redeemed Pro Rata and the Common Securities to be redeemed will be redeemed as described in paragraph 4(e)(ii) below. If a partial redemption would result in the delisting of the Preferred Securities by any national securities exchange or other organization on which the Preferred Securities are then listed, UAL pursuant to the Indenture will only redeem Debentures

in whole and, as a result, the Trust may only redeem the Common Securities in whole.

(c) If, at any time, a Tax Event or an Investment Company Event (each as hereinafter defined, and each a "Special Event") shall occur and be continuing, the Regular Trustees shall, unless the Debentures are redeemed in the limited circumstances described below, dissolve the Trust and, after satisfaction of creditors, cause Debentures held by the Institutional Trustee having an aggregate principal amount equal to the aggregate stated liquidation amount of and accrued and unpaid interest equal to accrued and unpaid Distributions on, and having the same record date for payment as, the Preferred Securities and Common Securities, to be distributed to the Holders of the Preferred Securities and Common Securities on a Pro Rata basis in liquidation of such Holders' interests in the Trust, within 90 days following the occurrence of such Special Event (the "90 Day Period"), provided, however, that in the case of the occurrence of a Tax Event, as a condition of such dissolution and distribution, the Regular Trustees shall have received an opinion (a "No Recognition Opinion") of a nationally recognized independent tax counsel experienced in such matters, which opinion may rely on any then applicable published revenue rulings of the Internal Revenue Service, to the effect that the Holders of the Preferred Securities will not recognize any gain or loss for United States federal income tax purposes as a result of the dissolution of the Trust and distribution of Debentures; and provided, further, that, if and as long as at the time there is available to the Trust the opportunity to eliminate, within the 90 Day Period, the Special Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure that has no adverse effect on the Trust, UAL, or the Holders of the Preferred Securities ("Ministerial Action"), the Trust will pursue such measure in lieu of dissolution.

If in the case of the occurrence of a Tax Event, (i) the Regular Trustees have received an opinion (a "Redemption Tax Opinion") of nationally recognized independent tax counsel experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that UAL would be precluded from deducting the interest on the Debentures for United States federal income tax purposes even if the Debentures were distributed to the Holders of Preferred Securities and Common Securities in liquidation of such Holder's interest in the Trust as described in this paragraph 4(c) or (ii) the Regular Trustees shall have been informed by such tax counsel that a No Recognition Opinion cannot be delivered to the Trust, UAL shall have the right at any time, upon not less than 10 nor more than 60 days notice, to redeem the Debentures in whole or in part for cash at the Redemption Price within 90 days following the occurrence of such Tax Event, and promptly following such

redemption Preferred Securities and Common Securities with an aggregate liquidation amount equal to the aggregate principal amount of the Debentures so redeemed will be redeemed by the Trust at the Redemption Price on a Pro Rata basis; provided, however, that, if at the time there is available to UAL or the Regular Trustees on behalf of the Trust the opportunity to eliminate, within such 90 day period, the Tax Event by taking some Ministerial Action, UAL or the Regular Trustees on behalf of the Trust will pursue such measure in lieu of redemption, and provided further that UAL shall have no right to redeem the Debentures while the Regular Trustees on behalf of the Trust are pursuing such Ministerial Action. The Common Securities will be redeemed Pro Rata with the Preferred Securities, except that if an Event of Default under the Indenture has occurred and is continuing, the Preferred Securities will have a priority over the Common Securities with respect to payment of the Redemption Price.

"Tax Event" means that the Regular Trustees shall have obtained an opinion (a "Dissolution Tax Opinion") of nationally recognized independent tax counsel experienced in such matters to the effect that on or after the Expiration Date as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any amendment to, or change in, an interpretation or application of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), (c) any interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the theretofore generally accepted position or (d) any action taken by any governmental agency or regulatory authority, which amendment or change is enacted, promulgated, issued or announced or which interpretation or pronouncement is issued or announced or which action is taken, in each case on or after the Expiration Date, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date thereof, subject to United States federal income tax with respect to income accrued or received on the Debentures, (ii) the Trust is, or will be within 90 days of the date thereof, subject to more than a de minimis amount of taxes, duties or other governmental charges or (iii) interest payable by UAL to the Trust on the Debentures is not, or within 90 days of the date thereof will not be, deductible by UAL for United States federal income tax purposes.

"Investment Company Event" means that the Regular Trustees shall have received an opinion of nationally recognized independent counsel experienced in practice under the Investment Company Act that, as a result of the occurrence of a change in

law or regulation or a change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority or the staff of such governmental agency or regulatory authority (a "Change in 1940 Act Law"), there is more than an insubstantial risk that the Trust is or will be considered an Investment Company which is required to be registered under the Investment Company Act, which Change in 1940 Act Law becomes effective on or after the Expiration Date.

On the date fixed for any distribution of Debentures, upon dissolution of the Trust, (i) the Common Securities will no longer be deemed to be outstanding and (ii) any certificates representing Common Securities will be deemed to represent beneficial interests in the Debentures having an aggregate principal amount equal to the stated liquidation amount of, and bearing accrued and unpaid interest equal to accrued and unpaid Distributions on, such Common Securities until such certificates are presented to UAL or its agent for transfer or reissuance.

(d) The Trust may not redeem fewer than all the outstanding Common Securities unless all accrued and unpaid Distributions have been paid on all Common Securities for all quarterly Distribution periods terminating on or prior to the date of redemption.

(e)(i) Notice of any redemption of, or notice of distribution of Debentures in exchange for, the Preferred Securities and Common Securities (a "Redemption/Distribution Notice") will be given by the Regular Trustees on behalf of the Trust by mail to each Holder of Preferred Securities and Common Securities to be redeemed or exchanged not less than 10 nor more than 60 days prior to the date fixed for redemption or exchange thereof. For purposes of the calculation of the date of redemption or exchange and the dates on which notices are given pursuant to this paragraph (e)(i), a Redemption/Distribution Notice shall be deemed to be given on the day such notice is first mailed by first class mail, postage prepaid, to Holders of Preferred Securities and Common Securities. Each Redemption/Distribution Notice shall be addressed to the Holders of Preferred Securities and Common Securities at the address of each such Holder appearing in the books and records of the Trust. No defect in the Redemption/Distribution Notice or in the mailing of either thereof with respect to any Holder shall affect the validity of the redemption or exchange proceedings with respect to any other Holder.

(ii) In the event that fewer than all the outstanding Common Securities are to be redeemed, the Common Securities to be redeemed will be redeemed Pro Rata from each Holder of Common Securities (subject to adjustment to eliminate fractional Common Securities).

(iii) If the Trust gives a Redemption/Distribution Notice in respect of a redemption of Common Securities as provided in this paragraph 4 (which notice will be irrevocable) then immediately prior to the close of business on the redemption date, provided that UAL has paid to the Trust in immediately available funds a sufficient amount of cash in connection with the related redemption or maturity of the Debentures, Distributions will cease to accrue on the Common Securities called for redemption, such Common Securities will no longer be deemed to be outstanding and all rights of Holders of such Common Securities so called for redemption will cease, except the right of the Holders of such Common Securities to receive the Redemption Price, but without interest on such Redemption Price. Neither the Trustees nor the Trust shall be required to register or cause to be registered the transfer of any Common Securities which have been so called for redemption. If any date fixed for redemption of Common Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Redemption Price in respect of Common Securities is improperly withheld or refused and not paid by the Trust, Distributions on such Common Securities will continue to accrue, from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Redemption Price.

(iv) Redemption/Distribution Notices shall be sent by the Regular Trustees on behalf of the Trust to the Holders of the Common Securities.

(v) Upon the date of dissolution of the Trust and distribution of Debentures as a result of the occurrence of a Special Event, Common Security Certificates shall be deemed to represent beneficial interests in the Debentures so distributed, and the Common Securities will no longer be deemed outstanding and may be canceled by the Regular Trustees. The Debentures so distributed shall have an aggregate principal amount equal to the aggregate liquidation amount of the Common Securities so distributed.

5. Voting Rights. (a) Except as provided under paragraph 5(b) below and as otherwise required by law and the Declaration, the Holders of the Common Securities will have no voting rights.

(b) Holders of Common Securities have the sole right under the Declaration to increase or decrease the number of Trustees, and to appoint, remove or replace a Trustee, any such increase,



decrease, appointment, removal or replacement to be approved by Holders of Common Securities representing a Majority in liquidation amount of the Common Securities.

If any proposed amendment to the Declaration provides for, or the Regular Trustees otherwise propose to effect, (i) any action that would adversely affect the powers, preferences or special rights of the Securities, whether by way of amendment to the Declaration or otherwise, or (ii) the dissolution, winding-up or termination of the Trust, other than in connection with the distribution of Debentures held by the Institutional Trustee, upon the occurrence of a Special Event or in connection with the redemption of Common Securities as a consequence of a redemption of Debentures, then the Holders of outstanding Securities will be entitled to vote on such amendment or proposal as a class and such amendment or proposal shall not be effective except with the approval of the Holders of Securities representing a Majority in liquidation amount of such Securities; provided, however, (A) if any amendment or proposal referred to in clause (i) above would adversely affect only the Preferred Securities or the Common Securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of a Majority in liquidation amount of such class of Securities, (B) the rights of Holders of Common Securities under Article V of the Declaration to increase or decrease the number of, and to appoint, replace or remove, Trustees shall not be amended without the consent of each Holder of Common Securities, and (C) amendments to the Declaration shall be subject to such further requirements as are set forth in Sections 12.1 and 12.2 of the Declaration.

In the event the consent of the Institutional Trustee, as the holder of the Debentures, is required under the Indenture with respect to any amendment, modification or termination of the Indenture or the Debentures, the Institutional Trustee shall request the written direction of the Holders of the Securities with respect to such amendment, modification or termination. The Institutional Trustee shall vote with respect to such amendment, modification or termination as directed by a Majority in liquidation amount of the Securities voting together as a single class (and in the case of any other UAL Corporation Capital Trust holding debt securities issued under the Indenture, voting with the holders of securities of such other UAL Corporation Capital Trust); provided that where such amendment, modification or termination of the Indenture requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, the Institutional Trustee may only vote with respect to that amendment, modification or termination as directed by, in the case of clause (1) above, the vote of Holders of Securities representing such specified percentage of the aggregate liquidation amount of the Securities, or, in the case

of clause (2) above, each Holder of Securities; and provided, further, that the Institutional Trustee shall be under no obligation to take any action in accordance with the directions of the Holders of the Securities unless the Institutional Trustee shall have received, at the expense of the Sponsor, an opinion of nationally recognized independent tax counsel recognized as an expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States federal income tax purposes following such action.

Subject to Section 2.6 of the Declaration, and the provisions of this and the next two succeeding paragraphs, the Holders of a Majority in liquidation amount of the Common Securities, voting separately as a class, shall have the right to (A) on behalf of all Holders of Common Securities, waive any past default, and its consequences, that is waivable under the Declaration (subject to, and in accordance with, the Declaration) and (B) direct the time, method, and place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee under the Declaration, including the right to direct the Institutional Trustee, as holder of the Debentures, to (i) direct the time, method and place of conducting any proceeding for any remedy available to the Debenture Trustee, or exercising any trust or power conferred on the Debenture Trustee with respect to the Debentures, (ii) waive any past default and its consequences that is waivable under Section 5.7 of the Indenture, or (iii) exercise any right to rescind or annul a declaration that the principal of all the Debentures shall be due and payable; provided that where the taking of any action under the Indenture requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, the Institutional Trustee may only take such action if directed by, in the case of clause (1) above, the vote of Holders of Common Securities representing such specified percentage of the aggregate liquidation amount of the Common Securities, or, in the case of clause (2) above, each Holder of Common Securities. The Institutional Trustee shall not revoke, or take any action inconsistent with, any action previously authorized or approved by a vote of the Holders of the Preferred Securities, and shall not take any action in accordance with the direction of the Holders of the Common Securities under this paragraph if the action is prejudicial to the Holders of Preferred Securities.

Other than with respect to directing the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee or the Debenture Trustee as set forth above, the Institutional Trustee shall be under no obligation to

take any of the foregoing actions at the direction of the Holders of Common Securities unless the Institutional Trustee shall have received, at the expense of the Sponsor, an opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States income tax purposes following such action.

Notwithstanding any other provision of these terms, each Holder of Common Securities will be deemed to have waived any Event of Default with respect to the Common Securities and its consequences until all Events of Default with respect to the Preferred Securities have been cured, waived by the Holders of Preferred Securities as provided in the Declaration or otherwise eliminated, and until all Events of Default with respect to the Preferred Securities have been so cured, waived by the Holders of Preferred Securities or otherwise eliminated, the Institutional Trustee will be deemed to be acting solely on behalf of the Holders of Preferred Securities and only the Holders of the Preferred Securities will have the right to direct the Institutional Trustee in accordance with the terms of the Declaration or of the Securities. In the event that any Event of Default with respect to the Preferred Securities is waived by the Holders of Preferred Securities as provided in the Declaration, the Holders of Common Securities agree that such waiver shall also constitute the waiver of such Event of Default with respect to the Common Securities for all purposes under the Declaration without any further act, vote or consent of the Holders of the Common Securities.

A waiver of an Indenture Event of Default by the Institutional Trustee at the direction of the Holders of the Preferred Securities will constitute a waiver of the corresponding Event of Default under the Declaration in respect of the Securities.

Any required approval or direction of Holders of Common Securities may be given at a separate meeting of Holders of Common Securities convened for such purpose, at a meeting of all of the Holders of Securities of the Trust or pursuant to written consent. The Regular Trustees will cause a notice of any meeting at which Holders of Common Securities are entitled to vote, or of any matter upon which action by written consent of such Holders is to be taken, to be mailed to each Holder of record of Common Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any resolution proposed for adoption at such meeting on which such Holders are entitled to vote or of such matter upon which written consent is

sought and (iii) instructions for the delivery of proxies or consents.

No vote or consent of the Holders of Common Securities will be required for the Trust to redeem and cancel Common Securities or distribute Debentures in accordance with the Declaration.

6. Pro Rata Treatment. A reference in these terms of the Common Securities to any payment, distribution or treatment as being "Pro Rata" shall mean pro rata to each Holder of Securities according to the aggregate liquidation amount of the Securities held by the relevant Holder in relation to the aggregate liquidation amount of all Securities outstanding unless, in relation to a payment, an Event of Default has occurred and is continuing, in which case any funds available to make such payment shall be paid first to each Holder of the Preferred Securities pro rata according to the aggregate liquidation amount of Preferred Securities held by the relevant Holder relative to the aggregate liquidation amount of all Preferred Securities outstanding, and only after satisfaction of all amounts owed to the Holders of the Preferred Securities, to each Holder of Common Securities pro rata according to the aggregate liquidation amount of Common Securities held by the relevant Holder relative to the aggregate liquidation amount of all Common Securities outstanding.

7. Ranking. The Common Securities rank pari passu and payment thereon will be made Pro Rata with the Preferred Securities except that, where an Event of Default occurs and is continuing, the rights of Holders of Common Securities to payment in respect of Distributions and payments upon liquidation, redemption or otherwise are subordinate to the rights of Holders of the Preferred Securities.

8. Mergers, Consolidations or Amalgamations. The Trust may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets to, any corporation or other body.

9. Transfers, Exchanges, Method of Payments. Payment of Distributions and payments on redemption of the Common Securities will be payable, the transfer of the Common Securities will be registrable, and Common Securities will be exchangeable for Common Securities of other denominations of a like aggregate liquidation amount, at the principal corporate trust office of the Institutional Trustee in [the City of New York]; provided that payment of Distributions may be made at the option of the Regular Trustees on behalf of the Trust by check mailed to the address of the Persons entitled thereto and that the payment on redemption of any Common Security will be made only upon surrender of such Common Security to the Institutional Trustee. Notwithstanding the foregoing, transfers of Common Securities are

subject to conditions set forth in Section 9.1(c) of the Declaration.

10. Acceptance of Indenture. Each Holder of Common Securities, by the acceptance thereof, agrees to the provisions of the Indenture and the Debentures, including the subordination provisions thereof.

11. No Preemptive Rights. The Holders of Common Securities shall have no preemptive or similar rights to subscribe to any additional Common Securities or Preferred Securities.

12. Miscellaneous. These terms shall constitute a part of the Declaration. The Trust will provide a copy of the Declaration and the Indenture to a Holder without charge on written request to the Trust at its principal place of business.

TRANSFER OF THIS CERTIFICATE  
IS SUBJECT TO THE CONDITIONS  
SET FORTH IN THE DECLARATION  
REFERRED TO BELOW

Certificate Number                      Number of Common Securities

C-1    \_\_\_\_\_

Certificate Evidencing Common Securities

of

UAL Corporation Capital Trust I

[\_\_\_\_\_] % Trust Originated Common Securities

(liquidation amount \$25 per Common Security)

UAL Corporation Capital Trust I, a statutory business trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that UAL Corporation (the "Holder") is the registered owner of \_\_\_\_\_ (\_\_\_\_\_) common securities of the Trust representing undivided beneficial interests in the assets of the Trust designated the [\_\_\_\_\_] % Trust Originated Common Securities (liquidation amount \$25 per Common Security) (the "Common Securities"). The Common Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer and satisfaction of the other conditions set forth in the Declaration (as defined below) including, without limitation, Section 9.1(c) thereof. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Common Securities are set forth in, and this certificate and the Common Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Declaration of Trust of the Trust dated as of [\_\_\_\_\_] , 1996, as the same may be amended from time to time (the "Declaration") including the designation of the terms of Common Securities as set forth in Exhibit C thereto. The Common Securities and the Preferred Securities issued by the Trust pursuant to the Declaration represent undivided beneficial interests in the assets of the Trust, including the Debentures (as defined in the Declaration) issued by UAL Corporation, a Delaware corporation, to the Trust pursuant to the Indenture

referred to in the Declaration. The Trust will furnish a copy of the Declaration and the Indenture to the Holder without charge upon written request to the Trust at its principal place of business or registered office.

The Holder of this Certificate, by accepting this Certificate, is deemed to have agreed to the terms of the Indenture and the Debentures, including that the Debentures are subordinate and junior in right of payment to all Senior Indebtedness (as defined in the Indenture) as and to the extent provided in the Indenture.

Upon receipt of this certificate, the Holder is bound by the Declaration and is entitled to the benefits thereunder.

IN WITNESS WHEREOF, Trustees of the Trust have executed this certificate as of [\_\_\_\_], 1996.

UAL CORPORATION CAPITAL TRUST I

By: \_\_\_\_\_  
Name:  
Title: Trustee

By: \_\_\_\_\_  
Name:  
Title: Trustee

Countersigned and Registered:

[\_\_\_\_\_] ,  
Transfer Agent and Registrar

By: \_\_\_\_\_  
Authorized Signature



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfer this Common Security Certificate to:

\_\_\_\_\_

\_\_\_\_\_

(Insert assignee's social security or tax identification number)

\_\_\_\_\_

\_\_\_\_\_

(Insert address and zip code of assignee)

and irrevocably constitutes and appoints

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ attorney to transfer this Common Security Certificate on the books of the within-named Trust with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Note: The signature(s) to this assignment must correspond with the name(s) as written upon the face of this certificate in every particular, without alteration or enlargement, or any change whatever.

## GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT, dated as of \_\_\_\_\_, 1996, is executed and delivered by UAL Corporation, a Delaware corporation (the "Guarantor"), and The First National Bank of Chicago as the initial Guarantee Trustee (as defined herein) for the benefit of the Holders (as defined herein) from time to time of the Preferred Securities (as defined herein) of UAL Corporation Capital Trust I, a Delaware statutory business trust (the "Issuer").

WHEREAS, pursuant to an Amended and Restated Declaration of Trust (the "Declaration"), dated as of \_\_\_\_\_, 1996 among the trustees of the Issuer named therein, UAL Corporation, as Sponsor, and the Holders from time to time of undivided beneficial interests in the assets of the Issuer, the Issuer is issuing as of the date hereof in accordance with the Offer (as defined herein) \$\_\_\_\_\_ aggregate liquidation amount of its [\_\_\_\_\_] Trust Originated Preferred Securities (the "Preferred Securities") representing undivided beneficial interests in the assets of the Issuer and having the terms set forth in Exhibit B to the Declaration;

WHEREAS, the Preferred Securities will be issued by the Issuer upon deposit of the Guarantor's Debentures (as defined herein) with the Issuer as trust assets; and

WHEREAS, as incentive for the Holders to exchange Depositary Shares ("Depositary Shares") representing 1/1,000 of a share of the 12-1/4% Series B Preferred Stock of the Guarantor for Preferred Securities pursuant to the Offer, the Guarantor desires to irrevocably and unconditionally agree, to the extent set forth herein, to pay to the Holders of the Preferred Securities the Guarantee Payments (as defined herein) and to make certain other payments on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the exchange of Depositary Shares for Preferred Securities, which exchange the Guarantor hereby agrees shall benefit the Guarantor, the Guarantor executes and delivers this Guarantee Agreement for the benefit of the Holders from time to time of the Preferred Securities.

## ARTICLE I

## SECTION 1.1

Definitions. (a) Capitalized terms used in this Guarantee Agreement but not defined in the preamble above have the respective meanings assigned to them in this Section 1.1;

(b) a term defined anywhere in this Guarantee Agreement has the same meaning throughout;

(c) all references to "the Guarantee Agreement" or "this Guarantee Agreement" are to this Guarantee Agreement as modified, supplemented or amended from time to time;

(d) all references in this Guarantee Agreement to Articles and Sections are to Articles and Sections of this Guarantee Agreement unless otherwise specified;

(e) a term defined in the Trust Indenture Act has the same meaning when used in this Guarantee Agreement unless otherwise defined in this Guarantee Agreement or unless the context otherwise requires; and

(f) a reference to the singular includes the plural and vice versa.

"Affiliate" has the same meaning as given to that term in Rule 405 of the Securities Act of 1933, as amended, or any successor rule thereunder.

"Commission" means the United States Securities and Exchange Commission.

"Common Securities" means the securities representing undivided beneficial interests in the assets of the Issuer, having the terms set forth in Exhibit C to the Declaration.

"Covered Person" means any Holder of Preferred Securities.

"Debentures" means the series of Junior Subordinated Debentures issued by the Guarantor under the Indenture and entitled the "[\_\_\_\_\_] % Junior Subordinated Debentures due December 31, 2026".

"Distributions" means the periodic distributions and other payments payable to Holders of Preferred Securities in accordance with the terms of the Preferred Securities set forth in Exhibit B to the Declaration.

"Event of Default" means a default by the Guarantor on any of its payment or other obligations under this Guarantee Agreement.

"Guarantee Payments" shall mean the following payments or distributions, without duplication, with respect to the Preferred Securities, to the extent not paid or made by the Issuer: (i) any accrued and unpaid Distributions and the redemption price, including all accrued and unpaid Distributions to the date of

redemption (the "Redemption Price"), with respect to the Preferred Securities called for redemption by the Issuer but if and only to the extent that in each case the Guarantor has made a payment to the Trust of interest or principal on the Debentures and (ii) upon a voluntary or involuntary dissolution, winding-up or termination of the Issuer (other than in connection with the distribution of Debentures to Holders or the redemption of all the Preferred Securities upon the maturity or redemption of the Debentures as provided in the Declaration), the lesser of (a) the aggregate of the liquidation amount and all accrued and unpaid Distributions on the Preferred Securities to the date of payment, to the extent the Issuer has funds available therefor, and (b) the amount of assets of the Issuer remaining available for distribution to Holders in liquidation of the Issuer (in either case, the "Liquidation Distribution").

"Guarantee Trustee" means The First National Bank of Chicago until a Successor Guarantee Trustee has been appointed and accepted such appointment pursuant to the terms of this Guarantee Agreement, and thereafter means each such Successor Guarantee Trustee.

"Holder" shall mean any holder, as registered on the books and records of the Issuer, of any Preferred Securities; provided, however, that in determining whether the holders of the requisite percentage of Preferred Securities have given any request, notice, consent or waiver hereunder, "Holder" shall not include the Guarantor or any entity directly or indirectly controlling or controlled by or under direct or indirect common control with the Guarantor.

"Indemnified Person" means the Guarantee Trustee, any Affiliate of the Guarantee Trustee, and any officers, directors, shareholders, members, partners, employees, representatives or agents of the Guarantee Trustee.

"Indenture" means the Indenture dated as of [\_\_\_\_\_], 1996 between the Guarantor and The First National Bank of Chicago, as trustee, as supplemented by the board resolution or supplemental indenture pursuant to which the Debentures are to be issued.

"Majority in liquidation amount of the Preferred Securities" means, except as otherwise required by the Trust Indenture Act, Holder(s) of outstanding Preferred Securities voting together as a single class, who are the record owners of Preferred Securities whose liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) represents more than 50% of the liquidation amount of all outstanding Preferred Securities.

"Offer" means the offer by the Issuer to exchange Preferred Securities for outstanding Depositary Shares in consideration for the deposit by the Guarantor of Debentures as trust assets of the Issuer, all as described in a Prospectus dated [            ], 1996.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"Preferred Securities" has the meaning set forth in the first recital clause above.

"Redemption Price" means the amount payable on redemption of the Preferred Securities in accordance with the terms of the Preferred Securities.

"Responsible Officer" means, with respect to the Guarantee Trustee, the chairman of the board of directors, the president, any vice-president, any assistant vice-president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer or any other officer of the Guarantee Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Successor Guarantee Trustee" means a successor Guarantee Trustee possessing the qualifications to act as a Guarantee Trustee under Section 4.1.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

## ARTICLE II

### TRUST INDENTURE ACT

SECTION 2.1 Trust Indenture Act; Application. (a) This Guarantee Agreement is subject to the provisions of the Trust Indenture Act that are required to be part of this Guarantee Agreement and shall, to the extent applicable, be governed by such provisions.

(b) If and to the extent that any provision of this Guarantee Agreement limits, qualifies or conflicts with the

duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

(c) The application of the Trust Indenture Act to this Guarantee Agreement shall not affect the nature of the Preferred Securities as equity securities representing undivided beneficial interests in the assets of the Issuer.

SECTION 2.2 Lists of Holders of Preferred Securities. (a) The Guarantor shall provide the Guarantee Trustee with such information as is required under Section 312(a) of the Trust Indenture Act at the times and in the manner provided in Section 312(a).

(b) the Guarantee Trustee shall comply with its obligations under Sections 310(b), 311 and 312(b) of the Trust Indenture Act.

SECTION 2.3 Reports by the Guarantee Trustee. Within 60 days after May 15 of each year, the Guarantee Trustee shall provide to the Holders of the Preferred Securities such reports as are required by Section 313 of the Trust Indenture Act, if any, in the form, in the manner and at the times provided by Section 313 of the Trust Indenture Act. The Guarantee Trustee shall also comply with the requirements of Section 313(d) of the Trust Indenture Act.

SECTION 2.4 Periodic Reports to Guarantee Trustee. The Guarantor shall provide to the Guarantee Trustee, the Commission and the Holders of the Preferred Securities, as applicable, such documents, reports and information, if any, as required by Section 314(a)(1)-(3) of the Trust Indenture Act and the compliance certificates required by Section 314(a)(4) and (c) of the Trust Indenture Act, any such certificates to be provided in the form, in the manner and at the times required by Section 314(a)(4) and (c) of the Trust Indenture Act (provided that any certificate to be provided pursuant to Section 314(a)(4) of the Trust Indenture Act shall be provided within 120 days of the end of each fiscal year of the Issuer).

SECTION 2.5 Evidence of Compliance with Conditions Precedent. The Guarantor shall provide to the Guarantee Trustee such evidence of compliance with any conditions precedent, if any, provided for in this Guarantee Agreement which relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given pursuant to Section 314(c) shall comply with Section 314(e) of the Trust Indenture Act.

SECTION 2.6 Events of Default; Waiver. (a) Subject to Section 2.6(b), Holders of Preferred Securities may by vote of at least a Majority in liquidation amount of the Preferred

Securities, (A) direct the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee, or exercising any trust or power conferred upon the Guarantee Trustee or (B) on behalf of the Holders of all Preferred Securities waive any past Event of Default and its consequences. Upon such waiver, any 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 Guarantee Agreement, but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

(b) The right of any Holder of Preferred Securities to receive payment of the Guarantee Payments in accordance with this Guarantee Agreement, or to institute suit for the enforcement of any such payment, shall not be impaired without the consent of each such Holder.

SECTION 2.7 Disclosure of Information. The disclosure of information as to the names and addresses of the Holders of the Preferred Securities in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law, or any law hereafter enacted which does not specifically refer to Section 312 of the Trust Indenture Act, nor shall the Guarantee Trustee be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

SECTION 2.8 Conflicting Interest. The Declaration shall be deemed to be specifically described in this Guarantee Agreement for the purposes of clause (i) of the first provision contained in Section 310(b) of the Trust Indenture Act.

### ARTICLE III

#### POWERS, DUTIES AND RIGHTS OF GUARANTEE TRUSTEE

SECTION 3.1 Powers and Duties of the Guarantee Trustee. (a) This Guarantee Agreement shall be held by the Guarantee Trustee in trust for the benefit of the Holders of the Preferred Securities. The Guarantee Trustee shall not transfer its right, title and interest in the Guarantee Agreement to any Person except a Successor Guarantee Trustee on acceptance by such Successor Guarantee Trustee of its appointment to act as Guarantee Trustee or to a Holder of Preferred Securities exercising his or her rights pursuant to Section 5.4. The right, title and interest of the Guarantee Trustee to the Guarantee Agreement shall vest automatically in each Person who may hereafter be appointed as Guarantee Trustee in accordance with Article IV. Such vesting and cessation of title shall be

effective whether or not conveyancing documents have been executed and delivered.

(b) If an Event of Default occurs and is continuing, the Guarantee Trustee shall enforce this Guarantee Agreement for the benefit of the Holders of the Preferred Securities.

(c) This Guarantee Agreement and all moneys received by the Trust hereunder in respect of the Guarantee Payments will not be subject to any right, charge, security interest, lien or claim of any kind in favor of, or for the benefit of, the Guarantee Trustee or its agents or their creditors.

(d) The Guarantee Trustee shall transmit, after the occurrence of an Event of Default, by first class mail, postage prepaid, to the holders of the Preferred Securities, as their names and addresses appear upon the register, notice of all Events of Default known to the Guarantee Trustee, unless such defaults shall have been cured before the giving of such notice; provided that the Guarantee Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Guarantee Trustee in good faith determine that the withholding of such notice is in the interests of the Holders of the Preferred Securities. The Guarantee Trustee shall not be deemed to have knowledge of any default except any default as to which the Guarantee Trustee shall have received written notice or a Responsible Officer charged with the administration of this Guarantee Agreement shall have obtained written notice.

(e) The Guarantee Trustee shall not resign as a Trustee unless a Successor Guarantee Trustee has been appointed and accepted that appointment in accordance with Article IV.

SECTION 3.2 Certain Rights and Duties of the Guarantee Trustee. (a) The Guarantee Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Guarantee Agreement, and no implied covenants shall be read into this Guarantee Agreement against the Guarantee Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.6(a)), the Guarantee Trustee shall exercise such of the rights and powers vested in it by this Guarantee Agreement, 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 or her own affairs.

(b) No provision of this Guarantee Agreement shall be construed to relieve the Guarantee Trustee from liability for its



own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Guarantee Trustee shall be determined solely by the express provisions of this Guarantee Agreement, and the Guarantee Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Guarantee Agreement, and no implied covenants or obligations shall be read into this Guarantee Agreement against the Guarantee Trustee; and

(B) in the absence of bad faith on the part of the Guarantee Trustee, the Guarantee Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Guarantee Trustee and conforming to the requirements of this Guarantee Agreement; but in the case of any such certificates or opinions that are specifically required to be furnished to the Guarantee Trustee by any provision hereof, the Guarantee Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Guarantee Agreement;

(ii) The Guarantee Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Guarantee Trustee, unless it shall have proved that the Guarantee Trustee was negligent in ascertaining the pertinent facts;

(iii) the Guarantee 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 Preferred Securities as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee, or exercising any trust or power conferred upon the Guarantee Trustee under this Guarantee Agreement; and

(iv) no provision of this Guarantee Agreement shall require the Guarantee Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall have reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Guarantee Agreement or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Subject to the provisions of Section 3.2(a) and (b):

(i) Whenever, in the administration of this Guarantee Agreement, the Guarantee Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Guarantee Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and rely upon a certificate, which shall comply with the provisions of Section 314(e) of the Trust Indenture Act, signed by any authorized officer of the Guarantor;

(ii) the Guarantee Trustee (A) may consult with counsel (which may be counsel to the Guarantor or any of its Affiliates and may include any of its employees) selected by it in good faith and with due care and the written advice or opinion of such counsel with respect to legal matters 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 and in accordance with such advice and opinion and (B) shall have the right at any time to seek instructions concerning the administration of this Guarantee Agreement from any court of competent jurisdiction;

(iii) The Guarantee Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Guarantee Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it in good faith and with due care;

(iv) The Guarantee Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Guarantee Agreement at the request or direction of any Holders of Preferred Securities, unless such Holders shall have offered to the Guarantee Trustee reasonable security and indemnity against the costs, expenses (including attorneys' fees and expenses) and liabilities that might be incurred by it in complying with such request or direction; provided that nothing contained in this clause (iv) shall relieve the Guarantee Trustee of the obligation, upon the occurrence of an Event of Default (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Guarantee Agreement, and to use the same degree of care and skill in this exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; and

(v) Any action taken by the Guarantee Trustee or its agents hereunder shall bind the Holders of the Preferred Securities and the signature of the Guarantee Trustee or its agents alone shall be sufficient and effective to perform any

such action; and no third party shall be required to inquire as to the authority of the Guarantee Trustee to so act, or as to its compliance with any of the terms and provisions of this Guarantee Agreement, both of which shall be conclusively evidenced by the Guarantee Trustee's or its agent's taking such action.

SECTION 3.3 Not Responsible for Recitals or Issuance of Guarantee. The recitals contained in this Guarantee shall be taken as the statements of the Guarantor and the Guarantee Trustee does not assume any responsibility for their correctness. The Guarantee Trustee makes no representations as to the validity or sufficiency of this Guarantee Agreement.

#### ARTICLE IV

##### GUARANTEE TRUSTEE

SECTION 4.1 Qualifications. (a) There shall at all times be a Guarantee Trustee which shall:

(i) not be an Affiliate of the Guarantor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or Person permitted by the Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by federal, state, territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then for the purposes of this Section 4.1(a)(ii), 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 Guarantee Trustee shall cease to satisfy the requirements of clauses (i)-(ii) above, the Guarantee Trustee shall immediately resign in the manner and with the effect set out in Section 4.2. If the Guarantee Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Guarantee Trustee and the Guarantor shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

SECTION 4.2 Appointment, Removal and Resignation of Guarantee Trustee. (a) Subject to Section 4.2(b), the Guarantee Trustee may be appointed or removed without cause at any time by the Guarantor.

(b) The Guarantee Trustee shall not be removed in accordance with Section 4.2(a) until a Successor Guarantee Trustee possessing the qualifications to act as Guarantee Trustee under Section 4.1(a) has been appointed and has accepted such appointment by written instrument executed by such Successor Guarantee Trustee and delivered to the Guarantor and the Guarantee Trustee being removed.

(c) The Guarantee Trustee appointed to office shall hold office until his or her successor shall have been appointed or until its removal or resignation.

(d) The Guarantee Trustee may resign from office (without need for prior or subsequent accounting) by an instrument (a "Resignation Request") in writing signed by the Guarantee Trustee and delivered to the Guarantor, which resignation shall take effect upon such delivery or upon such later date as is specified therein; provided, however, that no such resignation of the Guarantee Trustee shall be effective until a Successor Guarantee Trustee possessing the qualifications to act as Guarantee Trustee under Section 4.1(a) has been appointed and has accepted such appointment by instrument executed by such Successor Guarantee Trustee and delivered to Guarantor and the resigning Guarantee Trustee.

(e) If no Successor Guarantee Trustee shall have been appointed and accepted appointment as provided in this Section 4.2 within 60 days after delivery to the Guarantor of a Resignation Request, the resigning Guarantee Trustee may petition any court of competent jurisdiction for appointment of a Successor Guarantee Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a Successor Guarantee Trustee.

#### ARTICLE V

#### GUARANTEE

SECTION 5.1 Guarantee. The Guarantor irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (without duplication of amounts theretofore paid by the Issuer) regardless of any defense, right of set-off or counterclaim which the Issuer may have or assert. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing the Issuer to pay such amounts to the Holders.

SECTION 5.2 Waiver of Notice. The Guarantor hereby waives notice of acceptance of this Guarantee Agreement and of any liability to which it applies or may apply, presentment, demand

for payment, any right to require a proceeding first against the Issuer or any other Person before proceeding against the Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 5.3 Obligations Not Affected. The obligations, covenants, agreements and duties of the Guarantor under this Guarantee Agreement shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or any portion of the Distributions (other than an extension of time for payment of Distributions that results from the extension of any interest payment period on the Debentures), Redemption Price, Liquidation Distribution or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities;

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in, the Preferred Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

(g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 5.3 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances. There shall be no

obligation of the Holders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

SECTION 5.4 Enforcement of Guarantee. The Guarantor and the Guarantee Trustee expressly acknowledge that (i) this Guarantee Agreement will be deposited with the Guarantee Trustee to be held for the benefit of the Holders; (ii) the Guarantee Trustee has the right to enforce this Guarantee Agreement on behalf of the Holders; (iii) Holders representing not less than a Majority in liquidation amount of the Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available in respect of this Guarantee Agreement, including the giving of directions to the Guarantee Trustee, or exercising any trust or other power conferred upon the Guarantee Trustee under this Guarantee Agreement, and (iv) any Holder may institute a legal proceeding directly against the Guarantor to enforce such Holder's rights under this Guarantee Agreement, without first instituting a legal proceeding against the Issuer, the Guarantee Trustee, or any other Person and without prior notice to the Guarantee Trustee.

SECTION 5.5 Guarantee of Payment. This Guarantee Agreement creates a guarantee of payment and not merely of collection. This Guarantee Agreement will not be discharged except by payment of the Guarantee Payments in full (without duplication of amounts theretofore paid by the Issuer).

SECTION 5.6 Subrogation. The Guarantor shall be subrogated to all rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Guarantor under this Guarantee Agreement; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Guarantee Agreement, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee Agreement. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

SECTION 5.7 Independent Obligations. The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Preferred Securities and that the Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee Agreement notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 5.3 hereof.

## ARTICLE VI

## LIMITATION OF TRANSACTIONS; SUBORDINATION

SECTION 6.1 Limitation of Transactions. So long as any Preferred Securities remain outstanding, the Guarantor will not declare or pay any dividend on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Debentures, or make any guarantee payments with respect thereto, if at such time (i) the Guarantor shall be in default with respect to its Guarantee Payments or other payment obligations hereunder, (ii) there shall have occurred and be continuing any event of default under the Indenture or (iii) the Guarantor shall have given notice of its selection of an Extension Period (as defined in the Indenture) and such period, or any extension thereof, is continuing; provided that the Guarantor will be permitted to pay dividends (and cash in lieu of fractional shares) upon the mandatory conversion of any of its preferred stock in accordance with the terms of such stock. In addition, so long as any Preferred Securities remain outstanding, the Guarantor (i) will remain the sole direct or indirect owner of all of the outstanding Common Securities and shall not cause or permit the Common Securities to be transferred except to the extent such transfer is permitted under Section 9.1(c) of the Declaration; provided that any permitted successor of the Guarantor under the Indenture may succeed to the Guarantor's ownership of the Common Securities and (ii) will not take any action which would cause the Issuer to cease to be treated as a grantor trust for United States federal income tax purposes except in connection with a distribution of Debentures as provided in the Declaration.

SECTION 6.2 Subordination. This Guarantee Agreement will constitute an unsecured obligation of the Guarantor and will rank (i) subordinate and junior in right of payment to all other liabilities of the Guarantor, except those made pari passu or subordinate by their terms, and (ii) senior to all capital stock now or hereafter issued by the Guarantor and to any guarantee now or hereafter entered into by the Guarantor in respect of any of its capital stock.

## ARTICLE VII

## TERMINATION

SECTION 7.1 Termination. This Guarantee Agreement shall terminate and be of no further force and effect upon full payment of the Redemption Price of all Preferred Securities, upon the distribution of Debentures to Holders of Preferred Securities and Common Securities in exchange for all of the Preferred Securities

and Common Securities or upon full payment of the amounts payable in accordance with the Declaration upon liquidation of the Issuer. Notwithstanding the foregoing, this Guarantee Agreement will continue to be effective or will be reinstated, as the case may be, if at any time any Holder must restore payment of any sums paid with respect to the Preferred Securities or this Guarantee Agreement.

#### ARTICLE VIII

##### LIMITATION OF LIABILITY; INDEMNIFICATION

SECTION 8.1 Exculpation. (a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Guarantor or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith and in a manner such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Guarantee Agreement or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's negligence or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Guarantor and upon such information, opinions, reports or statements presented to the Guarantor by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Guarantor, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders of Preferred Securities might properly be paid.

SECTION 8.2 Indemnification. (a) To the fullest extent permitted by applicable law, the Guarantor shall indemnify and hold harmless each Indemnified Person from and against any loss, damage or claim incurred by such Indemnified Person by reason of any act or omission performed or omitted by such Indemnified Person in good faith and in a manner such Indemnified Person reasonably believed to be within the scope of authority conferred on such Indemnified Person by this Guarantee Agreement, except that no Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of negligence or willful misconduct with respect to such acts or omissions.



(b) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Guarantor prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Guarantor of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified as authorized in Section 8.2(a).

#### ARTICLE IX

##### MISCELLANEOUS

SECTION 9.1 Successors and Assigns. All guarantees and agreements contained in this Guarantee Agreement shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders of the Preferred Securities then outstanding. Except in connection with a consolidation, merger or sale involving the Guarantor that is permitted under Article Eight of the Indenture, the Guarantor shall not assign its obligations hereunder.

SECTION 9.2 Amendments. Except with respect to any changes which do not adversely affect the rights of Holders (in which case no consent of Holders will be required), this Guarantee Agreement may only be amended with the prior approval of the Holders of not less than a Majority in liquidation amount of the Preferred Securities. The provisions of Section 12.2 of the Declaration concerning meetings of Holders shall apply to the giving of such approval.

SECTION 9.3 Notices. Any notice, request or other communication required or permitted to be given hereunder shall be in writing, duly signed by the party giving such notice, and delivered, telecopied or mailed by first class mail as follows:

(a) if given to the Guarantor, to the address set forth below or such other address as the Guarantor may give notice of to the Holders:

UAL Corporation  
1200 East Algonquin Road  
Elk Grove Township, Illinois 60007  
Facsimile No.: (847) 700-4000  
Attention: Corporate Secretary

(b) if given to the Guarantee Trustee, to the address set forth below or such other address as the Guarantee Trustee may give notice of to the Holders:

The First National Bank of Chicago  
One First National Plaza, Suite 0126  
Chicago, Illinois 60670-0126  
Attention: Corporate Trust Administration

(c) if given to any Holder of Preferred Securities, at the address set forth on the books and records of the Issuer.

All notices hereunder shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 9.4 Genders. The masculine, feminine and neuter genders used herein shall include the masculine, feminine and neuter genders.

SECTION 9.5 Benefit. This Guarantee Agreement is solely for the benefit of the Holders and subject to Section 3.1(a) is not separately transferable from the Preferred Securities.

SECTION 9.6 Governing Law. THIS GUARANTEE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF [NEW YORK].

SECTION 9.7 Counterparts. This Guarantee Agreement may be executed in counterparts, each of which shall be an original; but such counterparts shall together constitute one and the same instrument.

THIS GUARANTEE AGREEMENT is executed as of the day and year first above written.

UAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

THE FIRST NATIONAL BANK OF CHICAGO,  
as Guarantee Trustee

By: \_\_\_\_\_  
Name:  
Title:

October 15, 1996

UAL Corporation  
1200 East Algonquin Road  
Elk Grove Township, IL 60007

Ladies and Gentlemen:

We are acting as special counsel to UAL Corporation, a Delaware corporation ("UAL"), and as special tax counsel to UAL Corporation Capital Trust I, a statutory business trust created under the Delaware Business Trust Act (the "Trust"), in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), of a Registration Statement on Form S-4 (the "Registration Statement"), relating to (i) the offer by the Trust (the "Offer") to exchange its \_\_\_% Trust Originated Preferred Securities (the "Preferred Securities") for any and all Depositary Shares ("Depositary Shares") not owned by UAL, each representing 1/1,000 of a share of 12-1/4% Series B Preferred Stock of UAL, and (ii) in connection therewith, the corporate proceedings taken and to be taken (the "Corporate Proceedings") in connection with the deposit by UAL with the Trust as trust assets of its \_\_\_% Junior Subordinated Debentures due 2026 (the "Junior Subordinated Debentures"). Concurrently with the delivery of Junior Subordinated Debentures to the Trust, UAL will make a cash contribution to the Trust, the proceeds of which will be used by the Trust to purchase as trust assets additional Junior Subordinated Debentures. The Junior Subordinated Debentures are to be issued under an Indenture dated as of \_\_\_\_\_, 1996 (as supplemented by an Officers' Certificate setting forth certain terms of the Junior Subordinated Debentures, the "Indenture"), to be entered into by and between UAL and The First National Bank of Chicago, as trustee. The Preferred Securities will be guaranteed (the "Guarantee") by UAL to the extent described in the Prospectus forming a part of the Registration Statement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion.

Based on the foregoing, it is our opinion that, upon completion of the Corporate Proceedings:

1. The Indenture, the Junior Subordinated Debentures and the Guarantee will have been duly authorized by UAL.

2. When (i) the Registration Statement has become effective under the Act, (ii) the Indenture has been duly executed and delivered, (iii) the terms of the Junior Subordinated Debentures have been duly established in accordance with the Indenture and (iv) the Junior Subordinated Debentures have been duly executed and authenticated in accordance with the Indenture and duly issued and delivered to the Trust as contemplated by the Registration Statement, the Junior Subordinated Debentures will constitute valid and binding obligations of UAL, enforceable in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other similar laws now or hereinafter in effect relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

3. When (i) the Registration Statement has become effective under the Act, (ii) the Guarantee has been duly executed and delivered and (iii) the Preferred Securities have been duly issued and delivered in exchange for the Depositary Shares as contemplated by the Registration Statement, the Guarantee will constitute a valid and binding obligation of UAL, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other similar laws now or hereinafter in effect relating to or affecting the enforcement of creditors' rights generally and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

We hereby confirm our opinion as to certain matters of law or legal conclusions as set forth under "Taxation" in the Prospectus forming a part of the Registration Statement, and we consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to us under the headings "Taxation" and "Legal Matters" in the Prospectus forming a part of the Registration Statement.

Very truly yours,

/s/ Mayer, Brown & Platt

MAYER, BROWN & PLATT

[Letterhead of Richards, Layton & Finger]

October 16, 1996

UAL Corporation Capital Trust I  
c/o UAL Corporation  
1200 Algonquin Road  
Elk Grove Township, IL 60007

Re: UAL Corporation Capital Trust I

Ladies and Gentlemen:

We have acted as special Delaware counsel for UAL Corporation, a Delaware corporation ("UAL"), and UAL Corporation Capital Trust I, a Delaware business trust (the "Trust"), in connection with the matters set forth herein. At your request, this opinion is being furnished to you.

For purposes of giving the opinions hereinafter set forth, our examination of documents has been limited to the examination of originals or copies of the following:

(a) The Certificate of Trust of the Trust, dated October 15, 1996 (the "Certificate"), as filed in the office of the Secretary of State of the State of Delaware (the "Secretary of State") on October 15, 1996;

(b) The Declaration of Trust of the Trust, dated as of October 15, 1996, between UAL and the trustees of the Trust named therein;

(c) The Registration Statement (the "Registration Statement") on Form S-4, including a preliminary prospectus (the "Prospectus"), relating to the \_\_\_\_\_% Trust Originated Preferred Securities of the Trust representing preferred undivided beneficial interests in the assets of the Trust (each, a "Preferred Security" and collectively, the "Preferred Securities"), as filed by UAL and the Trust with the Securities and Exchange Commission on or about October 16, 1996;

(d) A form of Amended and Restated Declaration of Trust of the Trust, to be entered into among UAL, the trustees of the Trust named therein, and the holders, from time to time, of undivided beneficial interests in the assets of the Trust (including Exhibits A, B and C thereto) (the "Declaration"), attached as an exhibit to the Registration Statement; and

(e) A Certificate of Good Standing for the Trust, dated October 16, 1996, obtained from the Secretary of State.

Initially capitalized terms used herein and not otherwise defined are used as defined in the Trust Agreement.

For purposes of this opinion, we have not reviewed any documents other than the documents listed in paragraphs (a) through (e) above. In particular, we have not reviewed any document (other than the documents listed in paragraphs (a) through (e) above) that is referred to in or incorporated by reference into the documents reviewed by us. We have assumed that there exists no provision in any document that we have not reviewed that is inconsistent with the opinions stated herein. We have conducted no independent factual investigation of our own but rather have relied solely upon the foregoing documents, the statements and information set forth therein and the additional matters recited or assumed herein, all of which we have assumed to be true, complete and accurate in all material respects.

With respect to all documents examined by us, we have assumed (i) the authenticity of all documents submitted to us as authentic originals, (ii) the conformity with the originals of all documents submitted to us as copies or forms, and (iii) the genuineness of all signatures.

For purposes of this opinion, we have assumed (i) that the Declaration constitutes the entire agreement among the parties thereto with respect to the subject matter thereof, including with respect to the creation, operation and termination of the Trust, and that the Declaration and the Certificate are in full force and effect and have not been amended, (ii) except to the extent provided in paragraph 1 below, that each party to the documents examined by us has been duly created, duly organized or duly formed, as the case may be, and is validly existing in good standing under the laws of the jurisdiction governing its creation, organization or formation, (iii) the legal capacity of natural persons who are parties to the documents examined by us, (iv) that each of the parties to the documents examined by us has the power and authority to execute and deliver, and to perform

its obligations under, such documents, (v) that all documents examined by us have been duly authorized, executed and delivered by all parties thereto, (vi) the receipt by each Person to whom a Preferred Security is to be issued by the Trust (collectively, the "Preferred Security Holders") of a Preferred Security Certificate registered in the name of such Person for such Preferred Security and the payment for the Preferred Security acquired by it, in accordance with the Declaration and the Registration Statement, and (vii) that the Preferred Securities are issued and sold to the Preferred Security Holders in accordance with the Declaration and the Registration Statement. We have not participated in the preparation of the Registration Statement and assume no responsibility for its contents.

This opinion is limited to the laws of the State of Delaware (excluding the securities laws of the State of Delaware), and we have not considered and express no opinion on the laws of any other jurisdiction, including federal laws and rules and regulations relating thereto. Our opinions are rendered only with respect to Delaware laws and rules, regulations and orders thereunder that are currently in effect.

Based upon the foregoing, and upon our examination of such questions of law and statutes of the State of Delaware as we have considered necessary or appropriate, and subject to the assumptions, qualifications, limitations and exceptions set forth herein, we are of the opinion that:

1. The Trust has been duly created and is validly existing in good standing as a business trust under the Business Trust Act.
2. The Preferred Securities will represent valid and, subject to the qualifications set forth in paragraph 3 below, fully paid and nonassessable undivided beneficial interests in the assets of the Trust.
3. The Preferred Security Holders, as beneficial owners of the Trust, will be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware. We note that the Preferred Security Holders may be obligated to make payments as set forth in the Declaration.

We consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the



UAL Corporation Capital Trust I  
October 16, 1996  
Page 4

Registration Statement. In addition, we hereby consent to the use of our name under the heading "Legal Matters" in the Prospectus. In giving the foregoing consents, we do not thereby admit that we come within the category of Persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder. Except as stated above, without our prior written consent, this opinion may not be furnished or quoted to, or relied upon by, any other Person for any purpose.

Very truly yours,

/s/ Richards, Layton & Finger

BJK/dgw

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of our report dated February 28, 1996, included in the UAL Corporation Annual Report on Form 10-K for the year ended December 31, 1995, and to all reference to our Firm included in this Registration Statement on Form S-4.

ARTHUR ANDERSEN LLP

Chicago, Illinois  
October 16, 1996

## LETTER OF TRANSMITTAL

To Tender Depositary Shares (CUSIP 902549 70 8),  
Each Representing 1/1,000 of a Share of Series B  
Preferred Stock (the "Depositary Shares"),

of

UAL CORPORATION

Pursuant to the Offer by UAL CORPORATION CAPITAL TRUST I to Exchange  
its [\_\_\_\_\_] % Trust Originated Preferred Securities(SM) ("TOPRS(SM)")  
for Any and All Outstanding Depositary Shares

The Offer and Withdrawal Rights Will Expire  
at 12:00 Midnight, New York City Time, on December [\_\_\_], 1996,  
Unless the Offer is Extended.

THE EXCHANGE AGENT FOR THE OFFER 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, New York 10286  
Attn: \_\_\_\_\_

By Hand or Overnight Courier:

The Bank of New York  
Reorganization Section  
101 Barclay Street  
(7 East)  
New York, New York 10286  
Attn: \_\_\_\_\_

By Facsimile Transmission:  
(For Eligible Institutions Only)

(212) 517-3080

Confirm Receipt of Letter of Transmittal by Telephone:

(212) 815-6333  
Attn: \_\_\_\_\_

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN  
AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

Subject to the terms and conditions set forth in the Prospectus and herein, the UAL Corporation Capital Trust I (the "Trust") will accept for exchange any and all Depositary Shares validly tendered and not withdrawn.

(SM) "Trust Originated Preferred Securities" and "TOPrS" are service marks of Merrill Lynch & Co.

This Letter of Transmittal is to be completed by holders of Depositary Shares, either (i) if certificates for Depositary Shares are to be forwarded herewith or (ii) unless an Agent' Message (as defined in the accompanying Prospectus of UAL Corporation ("UAL") and the Trust (as amended or supplemented (including documents incorporated by reference), the "Prospectus")) is utilized, if tenders of Depositary Shares are to be made by book-entry transfer into the account of The Bank of New York, as Exchange Agent (the "Exchange Agent"), at The Depository Trust Company and Philadelphia Depository Trust Company (together, the "Depository Institutions") pursuant to the procedures described under "The Offer--Procedures for Tendering" in the Prospectus. Holders of Depositary Shares who tender Depositary Shares by book-entry transfer are referred to herein as "Book-Entry Shareholders."

Any holder of Depositary Shares who submits this Letter of Transmittal and tenders Depositary Shares in accordance with the instructions contained herein prior to the Expiration Date (as defined in the Prospectus) will thereby have directed the Trust to deliver its [\_\_\_\_\_] % Trust Originated Preferred SecuritiesSM ("TOPrSSM") (the "Preferred Securities") in exchange for such holder's Depositary Shares and in consideration of the deposit by UAL with the Trust as trust assets of its [\_\_\_\_\_] % Junior Subordinated Debentures due 2026 (the "Junior Subordinated Debentures") as set forth in the Prospectus. Tenders of Depositary Shares pursuant to this Letter of Transmittal are subject to withdrawal as described in the Prospectus under the caption "The Offer--Withdrawal of Tenders."

DESCRIPTION OF DEPOSITARY SHARES TENDERED

DEPOSITARY SHARES TENDERED  
(ATTACH ADDITIONAL LIST IF NECESSARY)

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (PLEASE FILL IN, IF BLANK)	CERTIFICATE NUMBER(S)*	TOTAL NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)*	NUMBER OF SHARES TENDERED**
---	---------------------------	--	-----------------------------------

Total Shares

\* Need not be completed by shareholders tendering by book-entry transfer.

\*\* Unless otherwise indicated, the holder will be deemed to have tendered the full number of Depositary Shares represented by the tendered certificates.  
See Instruction 4.

// CHECK HERE IF TENDERED DEPOSITORY SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE EXCHANGE AGENT'S ACCOUNT AT A DEPOSITORY INSTITUTION AND COMPLETE THE FOLLOWING:

Name of Tendering Institution\_\_\_\_\_

Check Box of Book-Entry Transfer Facility:

// The Depository Trust Company

// Philadelphia Depository Trust Company

Account No.\_\_\_\_\_

Transaction Code No.\_\_\_\_\_

// CHECK HERE IF TENDERED DEPOSITORY SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Tendering Shareholder(s)\_\_\_\_\_

Date of Execution of Notice of Guaranteed Delivery\_\_\_\_\_

Name of Institution which Guaranteed Delivery\_\_\_\_\_

If delivery is by book-entry transfer:

Name of Tendering Institution\_\_\_\_\_

Check Box of Book-Entry Transfer Facility:

// The Depository Trust Company

// Philadelphia Depository Trust Company

Account No.\_\_\_\_\_

Transaction Code No.\_\_\_\_\_

SOLICITED TENDERS  
(SEE INSTRUCTION 11)

UAL will pay to any Soliciting Dealer, as defined in Instruction 11, a solicitation fee of \$0.50 per Depositary Share (\$0.25 per Depositary Share with respect to solicitation of beneficial holders of 10,000 shares or more) validly tendered and accepted for exchange pursuant to the Offer (as herein defined).

The undersigned represents that the Soliciting Dealer which solicited and obtained this tender is:

Name of Firm: \_\_\_\_\_  
(Please print)

Name of Individual Broker or Financial Consultant: \_\_\_\_\_  
Identification Number (if known): \_\_\_\_\_  
Address: \_\_\_\_\_  
(Include zip code)

The acceptance of compensation by such Soliciting Dealer will constitute a representation by it that: (i) it has complied with the applicable requirements of the Securities Exchange Act of 1934 and the applicable rules and regulations thereunder in connection with such solicitations; (ii) it is entitled to such compensation for such solicitation under the terms and conditions of the Offer (unless the undersigned is not being compensated for such solicitation); (iii) in soliciting tenders of Depositary Shares, it has used no soliciting materials other than those furnished by UAL and the Trust; and (iv) if it is a foreign broker or dealer not eligible for membership in the National Association of Securities Dealers, Inc. (the "NASD"), it has agreed to conform to the NASD's Rules of Fair Practice in making solicitations outside the United States to the same extent as though it were an NASD member. If tendered Depositary Shares are being delivered by book-entry transfer made to an account maintained by the Exchange Agent with a Depository Institution, the Soliciting Dealer must return a Notice of Solicited Tenders to the Exchange Agent to receive a solicitation fee.

SOLICITING DEALERS ARE NOT ENTITLED TO A FEE FOR DEPOSITARY SHARES BENEFICIALLY OWNED BY SUCH SOLICITING DEALER.

NOTE: SIGNATURES MUST BE PROVIDED BELOW  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

LADIES AND GENTLEMEN:

The undersigned hereby tenders to UAL Corporation Capital Trust I, a Delaware statutory business trust (the "Trust"), the above-described Depositary Shares, pursuant to the offer by the Trust to exchange its [\_\_\_\_\_] % Trust Originated Preferred Securities (SM) ("TOPrS (SM)") ("Preferred Securities") for any and all Depositary Shares ("Depositary Shares"), each representing 1/1,000 of a share of Series B Preferred Stock (the "Series B Preferred") of UAL Corporation ("UAL"), not owned by UAL upon the terms and subject to the conditions set forth in the Prospectus, receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, together with the Prospectus, constitute the "Offer").

Subject to and effective upon acceptance for exchange of the Depositary Shares tendered herewith, the undersigned hereby exchanges, assigns and transfers to or upon the order of the Trust all right, title and interest in and to all the Depositary Shares that are being tendered hereby and irrevocably constitutes and appoints the Exchange Agent the true and lawful agent and attorney-in-fact of the undersigned with respect to such Depositary Shares, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver certificates for such Depositary Shares or transfer ownership of such Depositary Shares on the account books maintained by a Depository Institution, together, in any such case, with all accompanying evidences of transfer and authenticity, to the Exchange Agent for the account of the Trust, (b) present such Depositary Shares for transfer on the books of UAL and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Depositary Shares, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, assign and transfer the Depositary Shares and the underlying Series B Preferred tendered hereby and to acquire Preferred Securities issuable upon the exchange of such tendered Depositary Shares and that, when the undersigned's Depositary Shares are accepted for exchange, the Trust will acquire good and unencumbered title to such tendered Depositary Shares and the underlying Series B Preferred, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned will, upon request, execute and deliver any additional documents deemed by the Trust to be necessary or desirable to complete the exchange, assignment and transfer of tendered Depositary Shares or transfer ownership of such Depositary Shares.

All authority herein conferred or agreed to be conferred shall survive the death, bankruptcy or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, legal representatives, successors, assigns, executors and administrators of the undersigned. Except as stated in the Offer, this tender is irrevocable.

The undersigned understands that tenders of Depositary Shares pursuant to any one of the procedures described in "The Offer--Procedures for Tendering" in the Prospectus and in the instructions hereto will constitute agreements between the undersigned and the Trust upon the terms and subject to the conditions of the Offer.

Unless otherwise indicated under "Special Exchange Instructions," please cause Preferred Securities to be issued, and return any Depositary Shares not tendered or not accepted for exchange, in the name(s) of the undersigned (and, in the case of Depositary Shares tendered by book-entry transfer, by credit to the account at a Depository Institution). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail any certificates for Depositary Shares not tendered or not accepted for exchange (and accompanying documents, as appropriate), and any certificates for Depositary Shares, to the undersigned at the address shown below the undersigned's signature(s). If both "Special Exchange Instructions" and "Special Delivery Instructions" are completed, please cause Preferred Securities to be issued, and return any Depositary Shares not tendered or not accepted for exchange, in the name(s) of, and deliver any certificates for such Depositary Shares to, the person(s)



so indicated (and in the case of Depositary Shares tendered by book-entry transfer, by credit to the account at the Depository Institution so indicated). The undersigned recognizes that the Trust has no obligation, pursuant to the "Special Exchange Instructions," to transfer any Depositary Shares from the name of the registered holder(s) thereof if the Trust does not accept for exchange any of the Depositary Shares so tendered.

SPECIAL EXCHANGE INSTRUCTIONS  
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if certificates for Preferred Securities are to be issued, or certificates for Depositary Shares not tendered or not accepted for exchange are to be issued, in the name of someone other than the undersigned.

Issue / / certificates for Preferred Securities in name of:  
/ / certificates for Depositary Shares to:

Name: \_\_\_\_\_  
(Please print)

Address: \_\_\_\_\_  
(Include zip code)

Taxpayer Identification No.: \_\_\_\_\_

SPECIAL DELIVERY INSTRUCTIONS  
(SEE INSTRUCTIONS 1, 5 AND 7)

To be completed ONLY if certificates for Depositary Shares not tendered or not accepted for exchange, or certificates for Preferred Securities, are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown below the undersigned's signature(s).

Mail / / certificates for Depositary Shares to:  
/ / certificates for Preferred Securities to:

Name: \_\_\_\_\_  
(Please print)

Address: \_\_\_\_\_  
(Include zip code)

SIGN HERE  
(PLEASE COMPLETE SUBSTITUTE FORM W-9 BELOW)

X \_\_\_\_\_  
X \_\_\_\_\_  
Signature(s) of owner(s)

Dated, \_\_\_\_\_, 1996  
Name(s) \_\_\_\_\_  
(Please print)

Capacity (full title) \_\_\_\_\_  
Address \_\_\_\_\_

\_\_\_\_\_  
(Include zip code)  
Area Code and Telephone No. \_\_\_\_\_

(Must be signed by registered holder(s) exactly as name(s) appear(s) on certificate(s) for Depositary Shares or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5.)

GUARANTEE OF SIGNATURE(S)  
(SEE INSTRUCTIONS 1 AND 5)

Authorized Signature \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Address \_\_\_\_\_

Name of Firm \_\_\_\_\_

Area Code and Telephone Number \_\_\_\_\_

Dated \_\_\_\_\_, 1996

## INSTRUCTIONS

## FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES. No signature guarantee is required on this Letter of Transmittal (i) if tendered Depositary Shares are registered in the name(s) of the undersigned and the Preferred Securities to be issued in exchange therefor are to be issued (and any Depositary Shares not tendered or not accepted for exchange are to be returned) in the name of the registered holder(s) (which term, for the purposes described herein, shall include any participant in a Depository Institution whose name appears on a security listing as the owner of Depositary Shares) and (ii) such holder(s) have not completed the instruction entitled "Special Exchange Instructions" or "Special Delivery Instructions" on this Letter of Transmittal. If the tendered Depositary Shares are registered in the name(s) of someone other than the undersigned or if the Preferred Securities to be issued in exchange therefor are to be issued (or Depositary Shares not tendered or not accepted for exchange are to be returned) in the name of any other person, such tendered Depositary Shares must be endorsed or accompanied by written instruments of transfer in form satisfactory to the Trust 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 loan associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program or the Stock Exchange Medallion Program (any of the foregoing hereinafter referred to as an "Eligible Institution"). See Instruction 5.

2. DELIVERY OF LETTER OF TRANSMITTAL AND DEPOSITARY SHARES. This Letter of Transmittal is to be completed by holders of Depositary Shares either if certificates are to be forwarded herewith or, unless an Agent's Message (as defined in the Prospectus) is utilized, if tenders are to be made pursuant to the procedure for tender by book-entry transfer set forth under "The Offer--Procedures for Tendering" and "--Book-Entry Transfer" in the Prospectus. Certificates for Depositary Shares, or timely confirmation (a "Book-Entry Confirmation") of a book-entry transfer of such Depositary Shares into the Exchange Agent's account at a Depository Institution, as well as this Letter of Transmittal (or a facsimile hereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message in the case of a book-entry delivery, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at one of its addresses set forth herein prior to the Expiration Date.

If a holder of Depositary Shares desires to participate in the Offer and time will not permit this Letter of Transmittal or Depositary Shares 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 one of the addresses set forth herein prior to the Expiration Date, a letter, telegram or facsimile transmission from an Eligible Institution setting forth the name and address of the tendering Holder, the name(s) in which the Depositary Shares are registered and, if the Depositary Shares are held in certificated form, the certificate numbers of the Depositary Shares to be tendered, and stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the date of execution of such letter, telegram or facsimile transmission by the Eligible Institution, the Depositary Shares 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 Depositary Shares into the Exchange Agent's account at a Depository Institution, will be delivered by such Eligible Institution. Unless the Depositary Shares being tendered by the above-described method are 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 Depositary Shares into the Exchange Agent's account at a Depository Institution in accordance with such Depository Institution's Automated Tender Offer Program ("ATOP") procedures is received, the Trust may, at its option, reject the tender.

THE METHOD OF DELIVERY OF DEPOSITARY SHARES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH A DEPOSITORY INSTITUTION, IS AT THE OPTION

AND RISK OF THE TENDERING SHAREHOLDER. IF CERTIFICATES FOR DEPOSITARY SHARES ARE SENT BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted, and no fractional Depositary Shares will be accepted for exchange. By executing this Letter of Transmittal (or facsimile hereof), the tendering holder waives any right to receive any notice of the acceptance of the Depositary Shares for exchange.

3. INADEQUATE SPACE. If the space provided herein is inadequate, the certificate numbers and/or the number of Depositary Shares should be listed on a separate signed schedule attached hereto.

4. PARTIAL TENDERS. (Not applicable to Book-Entry Shareholders) If fewer than all the Depositary Shares represented by any certificate delivered to the Exchange Agent are to be tendered, fill in the number of Depositary Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such case, a new certificate for the remainder of the Depositary Shares represented by the old certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the appropriate box on this Letter of Transmittal, as promptly as practicable following the Expiration Date. All Depositary Shares represented by certificates delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

5. SIGNATURES ON LETTER OF TRANSMITTAL; STOCK POWERS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder(s) of the Depositary Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Depositary Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Depositary Shares tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the Depositary Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless Preferred Securities issued in exchange therefor are to be issued, or Depositary Shares not tendered or not exchanged are to be returned, in the name of any person other than the registered holder(s). Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Depositary Shares tendered hereby, certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates for such Depositary Shares. Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Trust of the authority of such person so to act must be submitted.

6. STOCK TRANSFER TAXES. UAL will pay all stock transfer taxes, if any, applicable to the exchange of any Depositary Shares pursuant to the Offer. If, however, certificates representing Preferred Securities or Depositary Shares not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of,

any person other than the registered holder of the Depositary Shares tendered or if a transfer tax is imposed for any reason other than the exchange of Depositary Shares pursuant to the Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

7. SPECIAL EXCHANGE AND DELIVERY INSTRUCTIONS. If certificates representing Preferred Securities are to be issued in the name of, or any Depositary Shares not tendered or not accepted for exchange are to be issued or to be returned to, a person other than the person(s) signing this Letter of Transmittal or any certificates for Preferred Securities or certificates for Depositary Shares not tendered or not accepted for exchange are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed.

8. SUBSTITUTE FORM W-9. Under the federal income tax laws, the Trust may be required to withhold 31% of the amount of any payments made to certain holders of Preferred Securities. In order to avoid such backup withholding, each tendering holder, and, if applicable, each other payee, must provide such holder's or payee's correct taxpayer identification number and certify that such holder or payee is not subject to such backup withholding by completing the Substitute Form W-9 set forth below under "Important Tax Information." In general, if a holder of Preferred Securities or payee is an individual, the taxpayer identification number is the Social Security number of such individual. If the Trust is not provided with the correct taxpayer identification numbers, the holder or payee may be subject to a \$50 penalty imposed by the Internal Revenue Service. Certain holders of Preferred Securities or payees (including, among others, all corporations and certain foreign individual(s)) are not subject to these backup withholding and reporting requirements. In order to satisfy the Trust that a foreign individual qualifies as an exempt recipient, such holder of Preferred Securities or payee must submit a statement, signed under penalties of perjury, attesting to that individual's exempt status. Such statements can be obtained from the Exchange Agent. For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if Preferred Securities are held in more than one name), consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

9. WAIVER OF CONDITIONS. The conditions of the Offer may be waived by the Trust from time to time in accordance with, and subject to the limitations described in, the Prospectus, provided that acceptance of Depositary Shares validly tendered in the Offer is subject to the condition that as of the Expiration Date there be at least 400 record or beneficial holders of at least 1,000,000 Preferred Securities to be issued in exchange for such Depositary Shares, which condition may not be waived.

10. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Requests for assistance or additional copies of the Prospectus and this Letter of Transmittal may be obtained from the Dealer Managers or the Information Agent at their respective addresses or telephone numbers set forth below.

11. SOLICITED TENDERS. UAL will pay to a Soliciting Dealer (as defined herein) a solicitation fee of \$0.50 per Depositary Share (\$0.25 per Depositary Share with respect to the solicitation of beneficial holders of 10,000 or more shares) validly tendered and accepted for exchange pursuant to the Offer. For purposes of this Instruction 11, "Soliciting Dealer" includes (i) any broker or dealer in securities, including the Dealer Manager in its capacity as a dealer or broker, who is a member of any national securities exchange or of the National Association of Securities Dealers, Inc. (the "NASD"), (ii) any foreign broker or dealer not eligible for membership in the NASD who agrees to conform to the NASD's Rules of Fair Practice in soliciting tenders outside the United States to the same extent as though it were an NASD member, or (iii) any bank or trust company, any one of whom has solicited and obtained a tender pursuant to the Offer. No such fee shall be payable to a Soliciting Dealer in respect of Depositary Shares registered in the name of such Soliciting Dealer unless such Depositary Shares are held

by such Soliciting Dealer as nominee and such Depositary Shares are being tendered for the benefit of one or more beneficial owners identified on the Letter of Transmittal or on the Notice of Solicited Tenders (included in the materials provided to brokers and dealers). No solicitation fee shall be payable to a Soliciting Dealer with respect to the tender of Depositary Shares unless the Letter of Transmittal accompanying such tender designates such Soliciting Dealer as such in the box captioned "Solicited Tenders."

If tendered Depositary Shares are being delivered by book-entry transfer made to an account maintained by the Exchange Agent with a Depository Institution, the Soliciting Dealer must return a Notice of Solicited Tenders to the Exchange Agent within three NYSE trading days after the Expiration Date in order to receive a solicitation fee. No solicitation fee shall be payable to a Soliciting Dealer in respect of Depositary Shares (i) beneficially owned by such Soliciting Dealer or (ii) registered in the name of such Soliciting Dealer unless such Depositary Shares are held by such Soliciting Dealer as nominee and such Depositary Shares are being tendered for the benefit of one or more beneficial owners identified on the Letter of Transmittal or the Notice of Solicited Tenders. No solicitation fee shall be payable to the Soliciting Dealer with respect to the tender of Depositary Shares by the holder of record, for the benefit of the beneficial owner, unless the beneficial owner has designated such Soliciting Dealer.

## IMPORTANT TAX INFORMATION

Under Federal income tax law, a holder of Preferred Securities is required to provide the Trust (as payer) with such holder's correct taxpayer identification number ("TIN") on Substitute Form W-9 below. If the holder of Preferred Securities is an individual, the TIN is her or her social security number. If the Trust is not provided with the correct TIN, payments that are made to such holder of Preferred Securities or other payee may be subject to 31% backup withholding.

Certain holders of Preferred Securities (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, the holder of Preferred Securities must submit a Form W-8, signed under penalties of perjury, attesting to that individual's exempt status. A Form W-8 can be obtained from the Exchange Agent. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions.

If backup withholding applies, the Trust is required to withhold 31% of any such payments made to the holder of Preferred Securities or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld, provided that the required information is given to the Internal Revenue Service. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

The box in Part 3 of the Substitute Form W-9 may be checked if the submitting holder of Preferred Securities has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked, the holder of Preferred Securities or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. Notwithstanding that the box in Part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Trust will withhold 31% on all payments made prior to the time a properly certified TIN is provided to the Trust. However, such amounts will be refunded to such holder of Preferred Securities if a TIN is provided to the Trust within 60 days.

The holder of Preferred Securities is required to give the Trust the TIN (e.g., social security number or employer identification number) of the record owner of the Preferred Securities or of the last transferee appearing on the transfers attached to, or endorsed on, the Preferred Securities. If the Preferred Securities are in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

PAYER'S NAME: UAL CORPORATION CAPITAL TRUST I

SUBSTITUTE

FORM W-9

PART 1--PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.

SOCIAL SECURITY NUMBER OR EMPLOYER IDENTIFICATION NUMBER

DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE

PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

PART 2--CERTIFICATION--UNDER PENALTIES OF PERJURY, I CERTIFY THAT:

- (1) THE NUMBER SHOWN ON THIS FORM IS MY CORRECT TAXPAYER IDENTIFICATION NUMBER (OR I AM WAITING FOR A NUMBER TO BE ISSUED TO ME) AND
(2) I AM NOT SUBJECT TO BACKUP WITHHOLDING EITHER BECAUSE: (a) I AM EXEMPT FROM BACKUP WITHHOLDING, OR (b) I HAVE NOT BEEN NOTIFIED BY THE INTERNAL REVENUE SERVICE (THE "IRS") THAT I AM SUBJECT TO BACKUP WITHHOLDING AS A RESULT OF A FAILURE TO REPORT ALL INTEREST OR DIVIDENDS, OR (c) THE IRS HAS NOTIFIED ME THAT I AM NO LONGER SUBJECT TO BACKUP WITHHOLDING.

CERTIFICATION INSTRUCTIONS--YOU MUST CROSS OUT ITEM (2) ABOVE IF YOU HAVE BEEN NOTIFIED BY THE IRS THAT YOU ARE CURRENTLY SUBJECT TO BACKUP WITHHOLDING BECAUSE OF UNDERREPORTING INTEREST OR DIVIDENDS ON YOUR TAX RETURN. HOWEVER, IF AFTER BEING NOTIFIED BY THE IRS THAT YOU ARE SUBJECT TO BACKUP WITHHOLDING YOU RECEIVED ANOTHER NOTIFICATION FROM THE IRS THAT YOU ARE NO LONGER SUBJECT TO BACKUP WITHHOLDING, DO NOT CROSS OUT SUCH ITEM (2).

PART 3-- AWAITING TIN [ ]

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 31% of all reportable payments made to me will be withheld, but that such amounts will be refunded to me if I then provide a Taxpayer Identification Number within sixty (60) days.

Signature \_\_\_\_\_ Date \_\_\_\_\_



THE INFORMATION AGENT FOR THE OFFER IS:

Georgeson & Company, Inc.  
Wall Street Plaza  
New York, New York 10005  
(800) 223-2064 (Toll-Free)

Banks and Brokers Call Collect:  
(212) 440-9800

THE DEALER MANAGERS FOR THE OFFER ARE:

MERRILL LYNCH & CO.  
World Financial Center  
North Tower -- Seventh Floor  
New York, New York 10281  
(212) 236-4565 (Collect)  
Attn: Susan L. Weinberg

SMITH BARNEY INC.  
388 Greenwich Street  
New York, New York 10013  
(800) 655-4811 (toll-free)  
Attn: Paul S. Galant

November \_\_, 1996

## NOTICE OF GUARANTEED DELIVERY

This form, or a form substantially equivalent to this form, must be used to accept the Offer (as defined below) if (i) certificates for Depositary Shares (the "Depositary Shares"), each representing 1/1,000 of a share of Series B Preferred Stock of UAL Corporation ("UAL"), cannot be delivered to the Exchange Agent by the Expiration Date (as defined in the Prospectus of UAL and UAL Corporation Capital Trust I dated November [\_\_\_], 1996 (the "Prospectus")), (ii) the procedure for book-entry transfer of Depositary Shares (as set forth in the Prospectus) cannot be completed by the Expiration Date or (iii) the Letter of Transmittal (or a facsimile thereof) and all other required documents cannot be delivered to the Exchange Agent prior to the Expiration Date. This form, properly completed and duly executed, may be delivered by hand or facsimile transmission or mail to the Exchange Agent. See the Prospectus.

To: The Bank of New York, Exchange Agent

## By Mail:

(registered or certified mail recommended)

The Bank of New York  
Reorganization Section  
101 Barclay Street  
(7 East)  
New York, New York 10286  
Attn:  
-----

## By Hand or Overnight Courier:

The Bank of New York  
Reorganization Section  
101 Barclay Street  
(7 East)  
New York, New York 10286  
Attn:  
-----

## By Facsimile:

(For Eligible Institutions only)

(212) 571-3080

Confirm Receipt of Notice of  
Guaranteed Delivery by Telephone:

(212) 815-6333

Attn:

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

The undersigned hereby tenders to UAL Corporation Capital Trust I (the "Trust"), upon the terms and conditions set forth in the Prospectus and the related Letter of Transmittal (which together constitute the "Offer"), receipt of which is hereby acknowledged, the number of Depositary Shares set forth below, pursuant to the guaranteed delivery procedure set forth in the Prospectus.

SIGN HERE

Number of Depositary Shares tendered: X .....

..... X .....  
(Signature(s))

Certificate Nos. (if available): .....  
(Name(s)) (Please print)

.....  
(Address)

.....  
(City, State and zip code)

.....  
(Area code and telephone number)

If Depositary Shares will be tendered by book-entry transfer:

Name of Tendering Institution: .....

Check Box of Book-Entry Transfer Facility:

- [ ] The Depository Trust Company
[ ] Philadelphia Depository Trust Company

Account No.: .....

THE FOLLOWING GUARANTEE MUST BE COMPLETED

GUARANTEE OF DELIVERY  
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm that is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office, branch or agency in the United States, guarantees (a) that the above named person(s) "own(s)" the Depository Shares tendered hereby within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended, (b) that such tender of Depository Shares complies with Rule 14e-4 and (c) to deliver to the Exchange Agent either the Depository Shares tendered hereby, in proper form for transfer, or confirmation of the book-entry transfer of the Depository Shares tendered hereby into the account of the Exchange Agent at The Depository Trust Company or Philadelphia Depository Trust Company, in each case together with a properly completed and duly executed Letter(s) of Transmittal (or facsimile(s) thereof), with any required signature guarantees (or an Agent's Message (as defined in the Prospectus)) and any other required documents within three New York Stock Exchange trading days after the date of execution of this Notice.

_____	_____
Name of Firm	Authorized Signature
_____	_____
Address	Title
_____	Name: _____
Zip Code	(Please Type or Print)
Area Code and Telephone Number: _____	Dated: _____

NOTE: DO NOT SEND CERTIFICATES FOR DEPOSITARY SHARES WITH THIS NOTICE OF GUARANTEED DELIVERY. CERTIFICATES FOR DEPOSITARY SHARES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

## UAL CORPORATION CAPITAL TRUST I

OFFER TO EXCHANGE ITS  
[ ]% TRUST ORIGINATED PREFERRED SECURITIES(SM) ("TOPRS(SM)")  
(LIQUIDATION AMOUNT \$25 PER PREFERRED SECURITY AND GUARANTEED  
TO THE EXTENT SET FORTH IN THE PROSPECTUS BY UAL CORPORATION)

FOR ANY AND ALL OUTSTANDING DEPOSITARY SHARES  
(CUSIP 902549 70 8), EACH REPRESENTING 1/1,000 OF A SHARE OF  
SERIES B PREFERRED STOCK

OF

UAL CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS  
WILL EXPIRE AT 12 MIDNIGHT,  
NEW YORK CITY TIME, ON  
DECEMBER \_\_, 1996,  
UNLESS THE OFFER IS EXTENDED

To Brokers, Dealers, Commercial  
Banks, Trust Companies and Other Nominees:

We have been appointed by UAL Corporation, a Delaware corporation ("UAL"), and UAL Corporation Capital Trust I, a Delaware statutory business trust (the "Trust"), to act as Dealer Managers in connection with the offer by the Trust to exchange, upon the terms and subject to the conditions set forth in the Prospectus referred to below and the related Letter of Transmittal (which together constitute the "Offer"), its [ ]% Trust Originated Preferred Securities(SM) ("TOPRS(SM)") (the "Preferred Securities") for any and all Depositary Shares (the "Depositary Shares"), each representing 1/1,000 of a share of Series B Preferred Stock of UAL, not owned by UAL that are validly tendered and accepted for exchange pursuant to the Offer. In connection with the Offer, UAL will deposit in the Trust as trust assets its [ ]% Junior Subordinated Debentures due 2026 as set forth in the Prospectus referred to below.

Pursuant to the Offer, exchanges will be made on the basis of one Preferred Security for each Depositary Share validly tendered and accepted for exchange in the Offer.

The Trust will accept for exchange all Depositary Shares validly tendered and not withdrawn, upon the terms and subject to the conditions of the Offer described in the Prospectus dated November [ ], 1996 (the "Prospectus").

For your information and for forwarding to your clients for whom you hold Depositary Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Prospectus;
2. Letter of Transmittal for your use and for the information of your clients, together with Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 providing information relating to backup federal income tax withholding;

(SM) "Trust Originated Preferred Securities" and "TOPRS" are service marks of Merrill Lynch & Co.

3. Notice of Guaranteed Delivery to be used to accept the Offer if the Depositary Shares and all other required documents cannot be delivered to the Exchange Agent by the Expiration Date (as defined in the Prospectus), or the book-entry transfer of the Depositary Shares cannot be completed by the Expiration Date;
4. A form of letter that may be sent to your clients for whose accounts you hold Depositary Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions and designation of Soliciting Dealer with regard to the Offer;
5. A letter from the Chairman of UAL to holders of Depositary Shares that may be sent to your clients;
6. A Question and Answers pamphlet that may be sent to your clients; and
7. A return envelope addressed to The Bank of New York, the Exchange Agent.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE.

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER [\_\_\_], 1996, UNLESS THE OFFER IS EXTENDED.

NONE OF THE BOARD OF DIRECTORS OF UAL, UAL, THE TRUSTEES OR THE TRUST MAKES ANY RECOMMENDATION TO HOLDERS OF DEPOSITARY SHARES AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING IN THE OFFER. HOLDERS OF DEPOSITARY SHARES ARE URGED TO CONSULT THEIR FINANCIAL AND TAX ADVISORS IN MAKING THEIR DECISIONS ON WHAT ACTION TO TAKE IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

UAL will pay a solicitation fee of \$0.50 per Depositary Shares (\$0.25 per Depositary Share with respect to solicitation of beneficial holders of 10,000 or more shares) for any Depositary Shares validly tendered and accepted for exchange and exchanged pursuant to the Offer and covered by a Letter of Transmittal which designates, as having solicited and obtained the tender, the name of (i) any broker or dealer in securities, including each Dealer Manager in its capacity as a broker or dealer, which is a member of any national securities exchange or of the National Association of Securities Dealers, Inc. (the "NASD"), (ii) any foreign broker or dealer not eligible for membership in the NASD which agrees to conform to the NASD's Rules of Fair Practice in soliciting tenders outside the United States to the same extent as though it were an NASD member, or (iii) any bank or trust company (each of which is referred to herein as a "Soliciting Dealer"). No solicitation fee shall be payable to a Soliciting Dealer with respect to the tender of Depositary Shares by a holder unless the Letter of Transmittal accompanying such tender designates such Soliciting Dealer as such in the box captioned "Solicited Tenders."

If tendered Depositary Shares are being delivered by book-entry transfer made to an account maintained by the Exchange Agent with The Depository Trust Company or Philadelphia Depository Trust Company, the Soliciting Dealer must return a Notice of Solicited Tenders to the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date in order to receive a solicitation fee. Such Notice of Solicited Tenders is attached hereto on page 4. No solicitation fee shall be payable to a Soliciting Dealer in respect of Depositary Shares (i) beneficially owned by such Soliciting Dealer or (ii) registered in the name of such Soliciting Dealer unless such Depositary Shares are held by such Soliciting Dealer as nominee and such Depositary Shares are being tendered for the benefit of one or more beneficial owners identified on the Letter of Transmittal or the Notice of Solicited Tenders. No solicitation fee shall be payable to the Soliciting Dealer with respect to the tender

of Depositary Shares by the holder of record, for the benefit of the beneficial owner, unless the beneficial owner has designated such Soliciting Dealer.

No solicitation fee shall be payable to a Soliciting Dealer if such Soliciting Dealer is required for any reason to transfer any portion of such fee to a tendering holder (other than itself). No broker, dealer, bank, trust company or fiduciary shall be deemed to be the agent of UAL, the Trust, the Trustees, the Exchange Agent, the Information Agent or the Dealer Managers for purposes of the Offer.

UAL will, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers. UAL will pay all stock transfer taxes applicable to the acceptance of Depositary Shares pursuant to the Offer, subject to Instruction 6 of the Letter of Transmittal.

Soliciting Dealers should take care to ensure proper record-keeping to document their entitlement to any solicitation fee.

Any inquiries you may have with respect to the Offer should be addressed to, and additional copies of the enclosed materials may be obtained from, the Information Agent or the undersigned at the addresses and telephone numbers set forth on the back cover of the Prospectus.

Very truly yours,

MERRILL LYNCH & CO.  
SMITH BARNEY INC.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU THE AGENT OF UAL, THE TRUST, THE TRUSTEES OF THE TRUST, THE DEALER MANAGERS, THE INFORMATION AGENT OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

NOTICE OF SOLICITED TENDERS

List below the number of Depositary Shares whose tender you have solicited. All Depositary Shares beneficially owned by a beneficial owner, whether in one account or several, and in however many capacities, must be aggregated for purposes of completing the tables below. Any questions as to what constitutes beneficial ownership should be directed to the Exchange Agent. If the space below is inadequate, list the Depositary Shares on a separate signed schedule and affix the list to this Notice of Solicited Tenders. PLEASE DO NOT COMPLETE THE SECTIONS OF THE TABLE HEADED "TO BE COMPLETED ONLY BY EXCHANGE AGENT."

ALL NOTICES OF SOLICITED TENDERS SHOULD BE RETURNED TO THE EXCHANGE AGENT WITHIN THREE NYSE TRADING DAYS AFTER THE EXPIRATION DATE AT THE ADDRESS SET FORTH ON THE BACK COVER OF THE PROSPECTUS. ALL QUESTIONS CONCERNING THE NOTICES OF SOLICITED TENDERS SHOULD BE DIRECTED TO THE INFORMATION AGENT AT THE TELEPHONE NUMBER SET FORTH ON THE BACK COVER OF THE PROSPECTUS.

BENEFICIAL OWNERS	BENEFICIAL HOLDERS OF FEWER THAN 10,000 DEPOSITARY SHARES TO BE COMPLETED BY SOLICITING DEALER		TO BE COMPLETED ONLY BY EXCHANGE AGENT	
	NUMBER OF SHARES TENDERED	VOI TICKET NUMBER*	NUMBER OF SHARES ACCEPTED	FEE \$0.50 PER SHARE
Beneficial Owner No. 1.....	-----	-----	-----	-----
Beneficial Owner No. 2.....	-----	-----	-----	-----
Beneficial Owner No. 3.....	-----	-----	-----	-----
Beneficial Owner No. 4.....	-----	-----	-----	-----
Beneficial Owner No. 5.....	-----	-----	-----	-----
Total.....	-----	-----	-----	-----

BENEFICIAL OWNERS	BENEFICIAL HOLDERS OF 10,000 OR MORE DEPOSITARY SHARES TO BE COMPLETED BY SOLICITING DEALER		TO BE COMPLETED ONLY BY EXCHANGE AGENT	
	NUMBER OF SHARES TENDERED	VOI TICKET NUMBER*	NUMBER OF SHARES ACCEPTED	FEE \$0.25 PER SHARE
Beneficial Owner No. 1.....	-----	-----	-----	-----
Beneficial Owner No. 2.....	-----	-----	-----	-----
Beneficial Owner No. 3.....	-----	-----	-----	-----
Beneficial Owner No. 4.....	-----	-----	-----	-----
Beneficial Owner No. 5.....	-----	-----	-----	-----
Total.....	-----	-----	-----	-----

\*Complete if Depositary Shares delivered by book-entry transfer. Please submit a separate VOI ticket for Depositary Shares tendered when the solicitation fee is to be directed to another Soliciting Dealer. At the time of tendering Depositary Shares in Book-Entry form, please indicate your request in the comments field.





## UAL CORPORATION CAPITAL TRUST I

## OFFER TO EXCHANGE ITS

[\_\_\_\_\_] % TRUST ORIGINATED PREFERRED SECURITIES(SM) ("TOPRS(SM)")  
(LIQUIDATION AMOUNT \$25 PER PREFERRED SECURITY AND GUARANTEED  
TO THE EXTENT SET FORTH IN THE PROSPECTUS BY UAL CORPORATION)

FOR ANY AND ALL OUTSTANDING DEPOSITARY SHARES  
(CUSIP 902549 70 8), EACH REPRESENTING 1/1,000 OF A SHARE OF  
SERIES B PREFERRED STOCK

OF

UAL CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS  
WILL EXPIRE AT 12 MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER \_\_\_\_, 1996,  
UNLESS THE OFFER IS EXTENDED

November [\_\_\_\_], 1996

## To Our Clients:

Enclosed for your consideration are the Prospectus dated November [\_\_\_\_], 1996 (the "Prospectus") and the related Letter of Transmittal (which together constitute the "Offer") in connection with the Offer by UAL Corporation Capital Trust I, a Delaware statutory business trust (the "Trust"), to exchange its [\_\_\_\_\_] % Trust Originated Preferred Securities(SM) ("TOPRS(SM)") (the "Preferred Securities") for any and all Depositary Shares (the "Depositary Shares"), each representing 1/1,000 of a Share of Series B Preferred Stock of UAL Corporation, a Delaware corporation ("UAL"), not owned by UAL that are validly tendered and accepted for exchange pursuant to the Offer. In connection with the Offer, UAL will deposit in the Trust as trust assets its [\_\_\_\_\_] % Junior Subordinated Debentures due 2026 as set forth in the Prospectus.

Pursuant to the Offer, exchanges will be made on the basis of one (1) Preferred Security for each Depositary Share validly tendered and accepted for exchange in the Offer.

The Trust will accept for exchange Depositary Shares validly tendered and not withdrawn, upon the terms and subject to the conditions of the Offer. We are the holder of record of Depositary Shares held for your account. A tender of such Depositary Shares can be made only by us as the holder of record and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Depositary Shares held by us for your account.

---

(SM) "Trust Originated Preferred Securities" and "TOPRS" are service marks of Merrill Lynch & Co.

We request instructions as to whether you wish us to tender any or all of the Depositary Shares held by us for your account, upon the terms and subject to the conditions set forth in the Prospectus and the Letter of Transmittal. We also request that you designate, in the box captioned "Soliciting Tenders," any Soliciting Dealer who solicited your tender of Depositary Shares.

Your attention is invited to the following:

1. The Offer and withdrawal rights expire at 12:00 Midnight, New York City time, on December [ ], 1996, unless the Offer is extended.
2. Consummation of the Offer is conditioned on, among other things, tenders by a sufficient number of holders of Depositary Shares such that there be at least 400 record or beneficial holders of at least 1,000,000 Preferred Securities to be issued in exchange for such Depositary Shares (the "Minimum Distribution Condition") (which condition may not be waived).
3. The Trust expressly reserves the right, in its sole discretion, subject to applicable law, to (i) terminate the Offer and not accept for exchange any Depositary Shares and promptly return all Depositary Shares upon the failure of any of the conditions specified above and in "The Offer--Conditions to the Offer" in the Prospectus, (ii) waive any condition to the Offer (other than the Minimum Distribution Condition) and accept all Depositary Shares previously tendered pursuant to the Offer, (iii) extend the Expiration Date of the Offer and retain all Depositary Shares tendered pursuant to such Offer until the Expiration Date, subject, however, to all withdrawal rights of holders, see "The Offer--Withdrawal of Tenders" in the Prospectus, (iv) amend the terms of the Offer, (v) modify the form of the consideration to be paid pursuant to the Offer. Any amendment applicable to the Offer will apply to all Depositary Shares tendered pursuant to the Offer, or (vi) not accept for exchange Depositary Shares at any time on or prior to the Expiration Date, for any reason, including, without limitation, if fewer than 100,000 Depositary Shares would remain outstanding upon acceptance of those tendered (which condition may be waived by the Trust). The minimum period during which the Offer must remain open following material changes in the terms of the Offer or the information concerning the Offer, other than a change in the amount of Depositary Shares sought for exchange or an increase or decrease in the consideration offered to holders of Depositary Shares, depends upon the facts and circumstances, including the relative materiality of such terms or information. See "The Offer--Expiration Date; Extensions; Amendments; Termination" in the Prospectus.
4. Any stock transfer taxes applicable to the exchange of Depositary Shares pursuant to the Offer will be paid by UAL, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

Please note that a Question and Answer pamphlet regarding the Preferred Securities is enclosed for your information.

If you wish to have us tender any or all of your Depositary Shares, please so instruct us by completing, executing, detaching and returning to us the instruction form on the detachable part hereof. An envelope to return your instructions to us is enclosed. If you authorize tender of your Depositary Shares, all such Depositary Shares will be tendered unless otherwise specified on the detachable part hereof. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf by the Expiration Date.

THE OFFER IS NOT BEING MADE TO, NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF, HOLDERS OF DEPOSITARY SHARES IN ANY JURISDICTION IN WHICH THE MAKING OF THE OFFER OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. IN THOSE JURISDICTIONS THE LAWS OF WHICH REQUIRE THAT THE

OFFER BE MADE BY A LICENSED BROKER OR DEALER, THE OFFER SHALL BE DEEMED TO BE MADE ON BEHALF OF THE TRUST BY MERRILL LYNCH & CO., SMITH BARNEY INC. OR ONE OR MORE REGISTERED BROKERS OR DEALERS LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

INSTRUCTIONS WITH RESPECT TO THE OFFER

The undersigned acknowledge(s) receipt of your letter and the enclosed Prospectus dated November \_\_, 1996 and the related Letter of Transmittal in connection with the Offer by the Trust to exchange its Preferred Securities for any and all Depositary Shares of UAL that are validly tendered and accepted for exchange. Pursuant to the Offer, exchanges will be made on the basis of one Preferred Security for each Depositary Share validly tendered and accepted for exchange in the Offer.

This will instruct you to tender the number of Depositary Shares indicated below held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Prospectus and the related Letter of Transmittal.

/ / By checking this box, all Depositary Shares held by you for our account, including fractional shares, will be tendered in the Offer. If fewer than all Depositary Shares are to be tendered, we have checked the box below and indicated the aggregate number of Depositary Shares to be tendered by you.

/ / \_\_\_\_\_ shares\*

\* Unless otherwise indicated, it will be assumed that all Depositary Shares held by us for your account are to be tendered.

SIGN HERE

Signature(s): \_\_\_\_\_

Name(s): \_\_\_\_\_

Address: \_\_\_\_\_

Social Security or Taxpayer ID No.: \_\_\_\_\_

[SEE OTHER SIDE]

PLEASE DESIGNATE IN THE BOX BELOW ANY SOLICITING DEALER WHO SOLICITED YOUR TENDER.

SOLICITED TENDERS

The undersigned represents that the Soliciting Dealer who solicited and obtained this tender is:

Name of Firm: \_\_\_\_\_  
(Please print)

Name of Individual Broker  
or Financial Consultant: \_\_\_\_\_

Identification Number (if known): \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
(Include zip code)

SIGN HERE

X \_\_\_\_\_

X \_\_\_\_\_  
Signature(s)                      Print name(s) and address(es) here

Dated \_\_\_\_\_

[UAL Letterhead]

, 1996

Dear Shareholder:

A special purpose trust formed by UAL Corporation is offering to exchange its [\_\_\_]% Trust Originated Preferred Securities (TOPrS) for any and all UAL Depositary Shares. Each Depositary Share represents 1/1,000 of a share of UAL's 12 1/4% Series B Preferred Stock. The exchange will be made on the basis of one TOPrS for one Depositary Share.

This exchange offer makes good economic sense for UAL. Replacing the Depositary Shares with TOPrS will improve UAL's after-tax cash flow. The cash flow benefit arises because interest payable by UAL to the TOPrS' trust is deductible for federal income tax purposes, while the dividends payable by UAL on the Depositary Shares are not.

I encourage you to read the enclosed prospectus. If you choose to participate in the exchange offer, please follow the instructions in the enclosed materials. Neither UAL nor its Board makes any recommendation as to whether you should exchange your Depositary Shares. That's your decision.

If you have any questions, please call Georgeson & Company Inc. or either of the Dealer Managers at the phone numbers on the back cover of the enclosed Prospectus. Thank you.

Very truly yours,

Gerald Greenwald  
Chairman and  
Chief Executive Officer

## EXHIBIT 99.8

EXCHANGE  
OFFER

QUESTIONS  
&  
ANSWERS  
(UAL LOGO)

For additional details,  
or if you have any questions,  
please call the Information Agent,  
(GEORGESON & COMPANY INC. LOGO)  
(800) 223-2064 (Toll-Free)  
or  
Banks and Brokers, Call Collect:  
(212) 440-9800

QUESTIONS AND ANSWERS  
 RELATING TO THE OFFER (THE "OFFER")  
 BY UAL CORPORATION CAPITAL TRUST I (THE "TRUST")  
 TO EXCHANGE ITS \_\_\_\_\_% TRUST ORIGINATED  
 PREFERRED SECURITIES(SM) ("TOPrS(SM)") FOR  
 ANY AND ALL DEPOSITARY SHARES (THE "DEPOSITARY SHARES")  
 OF UAL CORPORATION ("UAL")

Please note that the following information does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Prospectus dated November [\_\_\_\_], 1996 (the "Prospectus") and the Letter of Transmittal (which together constitute the Offer). Please refer to the Prospectus for details of the Offer and defined terms used herein.

Q: WHAT ARE THE TERMS OF THE OFFER?

A: The Trust will exchange one TOPrS for each Depositary Share issued by UAL. See "The Offer" in the Prospectus.

Q: WHAT ARE TOPrS?

A: TOPrS represent preferred interests in the Trust's assets, consisting solely of Junior Subordinated Debentures due December 31, 2026 issued by UAL. TOPrS securities pay quarterly distributions corresponding to the interest rate and the payment dates for the Junior Subordinated Debentures. See "Description of the Preferred Securities" in the Prospectus.

Q: WHAT IS THE PURPOSE OF THE OFFER?

A: The principal purpose is to refinance the Depositary Shares with the TOPrS to achieve certain tax efficiencies and to preserve flexibility with respect to future financings. The refinancing will permit UAL to deduct interest payable on the Junior Subordinated Debentures for United States federal income tax purposes, while the dividends payable on the Depositary Shares are not deductible.

Q: WILL THE TOPrS BE LISTED ON THE NEW YORK STOCK EXCHANGE?

A: Yes. The ticker symbol will be "[\_\_\_\_\_]".

Q: ARE THE TOPrS RATED?

A: As of the date of the Prospectus, the TOPrS have been rated by Moody's and by Standard & Poor's and have the same ratings as the Depositary Shares.

Q: HOW ARE THE TOPrS GUARANTEED?

A: Payments of dividends on the TOPrS and on liquidation or redemption are guaranteed on a subordinated basis by UAL, but only if and to the extent payments have been made on the Junior Subordinated Debentures. See "Description of the Preferred Securities Guarantee" in the Prospectus.



Q: ARE THE REDEMPTION PROVISIONS OF THE TOPRS DIFFERENT FROM THE DEPOSITARY SHARES?

A: Yes. While the Depositary Shares have no maturity date, the TOPRS will be redeemed following repayment of the Junior Subordinated Debentures upon their December 31, 2026 final maturity date or earlier redemption. The Junior Subordinated Debentures and the Depositary Shares (under certain circumstances) are redeemable at the option of UAL on or after July 12, 2004. The redemption price of \$25 per share is the same for the Junior Subordinated Debentures and the Depositary Shares. See "Description of the Preferred Securities," "Description of the Series B Preferred and Depositary Shares," and "Prospectus Summary--Potential Risks to Exchanging Holders" in the Prospectus.

---

(SM) "Trust Originated Preferred Securities" and "TOPRS" are service marks of Merrill Lynch & Co.

## DISTRIBUTION AND DIVIDEND MATTERS

Q: HOW DOES THE DISTRIBUTION RATE ON THE TOPrS COMPARE TO THE DIVIDEND RATE ON THE DEPOSITARY SHARES?

A: The distribution rate on the TOPrS is [\_\_\_\_\_] % per annum, while the dividend rate for the Depositary Shares is 12 1/4% per annum.

Q: WILL DISTRIBUTIONS ON THE TOPrS BE PAID ON THE SAME SCHEDULE AS DIVIDENDS ON THE DEPOSITARY SHARES?

A: No, there is a different payment schedule. Distributions on the TOPrS will be paid on March 31, June 30, September 30 and December 31, while dividends are paid on the Depositary Shares on February 1, May 1, August 1 and November 1.

Q: THE NEXT SCHEDULED DIVIDEND PAYMENT DATE ON THE DEPOSITARY SHARES IS FEBRUARY 1, 1997. WILL THE AMOUNT OF THAT DIVIDEND ON DEPOSITARY SHARES THAT ARE EXCHANGED IN THE OFFER BE PAID TO EXCHANGING HOLDERS FOR THE PERIOD PRIOR TO THE EXCHANGE?

A: Yes. Holders who exchange Depositary Shares in the Offer will be entitled to receive distributions on their new TOPrS at the rate of 12 1/4% per annum from November 1, 1996 up to and including the Expiration Date of the Offer, and [\_\_\_\_\_] % per annum thereafter, with the first payment to be made on December 31, 1996. See "Description of the Preferred Securities--Distributions" in the Prospectus.

Q: EXPLAIN THE 20 QUARTER DIVIDEND DEFERRAL PROVISION OF THE TOPrS.

A: Quarterly interest payments on the Junior Subordinated Debentures may be deferred for one or more periods of up to 20 consecutive quarters each, at the option of UAL. In the case of any such deferral, distributions on the TOPrS will be similarly deferred. The Junior Subordinated Debentures have a maturity date which may not be extended. See "Description of the Preferred Securities--Distributions" in the Prospectus. Quarterly dividend payments on the Depositary Shares are payable only if declared by UAL's Board of Directors and such dividends may be deferred indefinitely. To date, UAL has made each quarterly dividend payment with respect to the Depositary Shares on the scheduled dividend payment date. The Depositary Shares have no maturity date.

Deferred TOPrS distributions continue to accrue and, if in arrears, compound quarterly at a rate equal to [\_\_\_\_\_] % per annum. However, while dividends on the Depositary Shares accrue if dividends are suspended, there is no such compounding feature. During such a deferral, the Trust will continue to accrue interest income (as original issue discount) in respect of the Junior Subordinated Debentures which will be taxable to beneficial owners of TOPrS. As a result, beneficial owners of TOPrS during such a deferral will include their pro rata share of the interest in gross income in advance of the receipt of cash.

## TAX ISSUES

Q: WILL THE EXCHANGE OF TOPrS FOR DEPOSITARY SHARES CONSTITUTE A TAXABLE EVENT?

A: Yes. UAL recommends that each holder read the section entitled "Taxation" in the Prospectus and consult their own tax advisor.

Q: WHAT WILL BE THE INITIAL TAX BASIS FOR THE TOPrS?

A: The initial tax basis of TOPrS acquired in the Offer will be equal to the fair market value of the TOPrS on the Expiration Date of the Offer. See "Taxation" in the Prospectus.

Q: HOW WILL DISTRIBUTIONS ON THE TOPrS BE REPORTED TO THE IRS?

A: Distributions on the TOPrS will be reported on Form 1099-01D.

Q: CORPORATE HOLDERS CAN CLAIM THE DIVIDENDS RECEIVED DEDUCTION ON DIVIDENDS ON THE DEPOSITARY SHARES. ARE DISTRIBUTIONS ON THE TOPrS ELIGIBLE FOR THAT DEDUCTION FOR CORPORATE HOLDERS?

A: No.

PROCEDURES FOR EXCHANGING  
DEPOSITARY SHARES

Q: IF DEPOSITARY SHARES ARE REGISTERED IN MY NAME, HOW DO I PARTICIPATE IN THE OFFER?

A: You should have received a package from [\_\_\_\_\_]  
consisting of this Question and Answer sheet and:

- Prospectus dated November [\_\_\_], 1996,
- Letter of Transmittal (printed on blue paper) bearing a pre-printed label with your account name and address,
- Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9,
- Notice of Guaranteed Delivery,
- Letter from the Chairman of UAL Corporation, and
- Return envelope addressed to The Bank of New York.

If, after reviewing these materials carefully, you decide to participate in the Offer, complete the Letter of Transmittal and send it with your certificate(s) representing Depositary Shares to [\_\_\_\_\_], as Exchange Agent, at either of the addresses shown on the Letter of Transmittal. It is recommended that you use registered or certified mail.

Holders of record may also contact their broker to exchange their Depositary Shares on their behalf. If you cannot deliver your certificate(s) to the Exchange Agent before the Expiration Date, then you must arrange for your broker to guarantee delivery of your Depositary Shares. See "The Offer--Procedures for Tendering" in the Prospectus.

Q: IF MY DEPOSITARY SHARES ARE HELD BY A BROKER OR BANK FOR MY ACCOUNT, HOW DO I PARTICIPATE IN THE OFFER?

A: If your Depositary Shares are held by a broker or bank for your account, you should have received a package from them as holder of record containing, along with this Question and Answer sheet, the following:

- Prospectus dated November [\_\_\_], 1996,
- Letter of Transmittal (for information only),
- Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9,
- Notice of Guaranteed Delivery,
- Letter from the Chairman of UAL Corporation, and
- Cover letter or notice from your broker or bank.

If you decide to participate in the Offer, you must contact your broker or bank to tender your Depositary Shares on your behalf. See "The Offer--Procedures for Tendering--Special Procedure for Beneficial Owners" in the Prospectus.

Q: ONCE I HAVE TENDERED MY DEPOSITARY SHARES, OR INSTRUCTED MY BROKER OR BANK TO TENDER THEM ON MY BEHALF, MAY I WITHDRAW THEM FROM THE OFFER?

A: Yes, tenders of Depositary Shares may be withdrawn at any time prior to the Expiration Date and, unless accepted for exchange by the Trust, may be withdrawn at any time after 40 business days from the date of the Prospectus. See "The Offer--Withdrawal of Tenders" in the Prospectus.

Q: WHEN DOES THE OFFER EXPIRE?

A: At 12:00 midnight, New York City time, on [\_\_\_\_\_], December [\_\_\_], 1996, unless extended by the Trust. The Trust may also amend or terminate the Offer as described in the Prospectus.

This is neither an offer to exchange or sell nor a solicitation of an offer to exchange or buy any of these securities. The Offer is made only by the Prospectus and the related Letter of Transmittal and the Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of the securities in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction. In any jurisdiction where the securities or blue sky laws require the Offer to be made by a licensed broker or dealer, the Offer is being made on behalf of the Trust by Merrill Lynch & Co., Smith Barney Inc. or one or more other brokers or dealers which are licensed under the laws of such jurisdiction.

NOTICE OF OFFER TO HOLDERS OF

UAL CORPORATION

DEPOSITARY SHARES, EACH REPRESENTING 1/1,000 OF  
A SHARE OF SERIES B PREFERRED STOCK

UAL Corporation Capital Trust I, a Delaware statutory business trust (the "Trust"), is offering, upon the terms and subject to the conditions set forth in its Prospectus dated November [\_\_\_], 1996 (the "Prospectus") and the accompanying Letter of Transmittal (the "Letter of Transmittal" which, together with the Prospectus, constitute the "Offer"), to exchange its [\_\_\_\_\_] % Trust Originated Preferred Securities (SM) ("TOPrS (SM)") (the "Preferred Securities") for any and all of the Depositary Shares ("Depositary Shares") each representing 1/1,000 of a share of Series B Preferred Stock (the "Series B Preferred") of UAL Corporation, a Delaware corporation ("UAL"), not owned by UAL. Exchanges will be made on the basis of one Preferred Security for each Depositary Share validly tendered and accepted for exchange in the Offer. In connection with the Offer, UAL will deposit in the Trust as trust assets its [\_\_\_\_\_] % Junior Subordinated Debentures due 2026, as set forth in the Prospectus.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER [\_\_\_], 1996, UNLESS THE OFFER IS EXTENDED.

NONE OF THE BOARD OF DIRECTORS OF UAL, UAL, THE TRUSTEES OR THE TRUST MAKES ANY RECOMMENDATION TO HOLDERS OF DEPOSITARY SHARES AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING IN THE OFFER. HOLDERS OF DEPOSITARY SHARES ARE URGED TO CONTACT THEIR FINANCIAL AND TAX ADVISORS IN MAKING THEIR DECISION ON WHAT ACTION TO TAKE IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

Upon the terms and conditions of the Offer described in the Prospectus, the Trust will accept for exchange Depositary Shares, validly tendered and not withdrawn prior to 12:00 midnight, New York City time, on December [\_\_\_], 1996, or if the Offer is extended by the Trust, in its sole discretion, the latest date and time to which the Offer has been extended (the "Expiration Date"). Tenders of Depositary Shares pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless accepted for exchange by the Trust, may be withdrawn at any time after 40 business days after the date of the Prospectus.

Consummation of the Offer is conditioned on, among other things, tenders by a sufficient number of holders of Depositary Shares such that, as of the Expiration Date, there be at least 400 record or beneficial owners of at least 1,000,000 Preferred Securities to be issued in exchange for such Depositary Shares (which condition may not be waived) (the "Minimum Distribution Condition").

The Trust expressly reserves the right, in its sole discretion, subject to applicable law, to (i) terminate the Offer, and not accept for exchange any Depositary Shares and promptly return all Depositary Shares upon the failure of any of the conditions specified above or in "The Offer--Conditions to the Offer" in the Prospectus, (ii) waive any condition to the Offer (other than the Minimum Distribution Condition) and accept all Depositary Shares previously tendered pursuant to the Offer, (iii) extend the Expiration Date of the Offer and retain all Depositary Shares tendered pursuant to such Offer until the Expiration Date, subject, however, to all withdrawal rights of holders, see "The Offer--Withdrawal of Tenders" in the Prospectus, (iv) amend the terms of the Offers, (v) modify the form of the consideration to be paid pursuant to the Offer or (vi) not accept for exchange Depositary Shares at any time on or prior to the Expiration Date, for any reason, including, without limitation, if fewer than 100,000 Depositary Shares would remain outstanding upon acceptance of those tendered (which condition may be waived by the Trust). Any amendment applicable to the Offer will apply to all Depositary Shares tendered pursuant to the Offer. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or the information concerning the Offer, other than a change in the percentage of securities sought or the price, depends upon the facts and circumstances, including the relative materiality of such terms or information. See "The Offer--Expiration Date; Extensions; Amendments; Termination" in the Prospectus.

The purpose of the Offer is to refinance the Depositary Shares with the Preferred Securities to achieve certain tax efficiencies while preserving UAL's flexibility with respect to future financings.

The Prospectus and Letter of Transmittal contain important information which should be read before any action is taken by holders of Depositary Shares. Tenders may be made only by a properly completed and executed Letter of Transmittal and in conformance with the terms thereof and of the Prospectus.

UAL will pay to Soliciting Dealers (as defined in the Prospectus) designated by the record or beneficial owner, as appropriate, of Depositary Shares a solicitation fee of \$0.50 per Depositary Share (\$0.25 per Depositary Share with respect to the solicitation of beneficial holders of 10,000 or more shares) validly tendered and accepted for exchange pursuant to the Offer, subject to certain conditions. Soliciting Dealers are not entitled to a solicitation fee for Depositary Shares beneficially owned by such Soliciting Dealer.

The information required to be disclosed by paragraph (d)(1) of Rule 13e-4 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, is contained in the Prospectus and is incorporated herein by reference.

The Prospectus and the related Letter of Transmittal are first being sent to holders of Depositary Shares on November [\_\_\_], 1996 and are being furnished to brokers, dealers, banks and similar persons whose names, or names of whose nominees, appear on the lists of holders of the Depositary Shares or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Depositary Shares.

Any questions or requests for assistance may be directed to the Information Agent and the Dealer Managers at the addresses and telephone numbers set forth below. Requests for copies of the Prospectus, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to Georgeson & Company Inc., the Information Agent, at (800) 223-2064, and copies will be forwarded promptly at UAL's expense. Shareholders may also contact their broker, dealer, commercial bank or trust company for assistance concerning the Offer.

## THE INFORMATION AGENT FOR THE OFFER IS:

[insert logo]  
Georgeson & Company Inc.  
Wall Street Plaza  
New York, New York 10005  
(800) 223-2064 (Toll-Free)  
Banks and Brokers Call Collect:  
(212) 440-9800

## THE DEALER MANAGERS FOR THE OFFER ARE:

Merrill Lynch & Co.  
World Financial Center  
North Tower  
New York, New York 10281  
(212) 236-4565 (Collect)  
Attn: Susan L. Weinberg

Smith Barney Inc.  
388 Greenwich Street  
New York, New York 10013  
(800) 655-4811  
Attn: Paul S. Galant

\_\_\_\_\_, 1996

(SM) "Trust Originated Preferred Securities" and "TOPRS" are service marks of Merrill Lynch & Co.