SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

UAL CORPORATION
(NAME OF ISSUER)

UAL CORPORATION AND UNITED AIR LINES, INC.
(NAME OF PERSONS FILING STATEMENT)

COMMON STOCK, PAR VALUE $5 PER SHARE, OF UAL
(TITLE OF CLASS OF SECURITIES)

902549 5 10 4
(CUSIP NUMBERS OF CLASSES OF SECURITIES)

FRANCESCA A. MAHER, ESQ.
UAL CORPORATION
P.O. BOX 66100
CHICAGO, ILLINOIS 60666
(708) 952-4000

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF PERSONS FILING STATEMENT)

COPIES TO:
PETER ALLAN ATKINS, ESQ.
THOMAS H. KENNEDY, ESQ.
ERIC L. COCHRAN, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM
919 THIRD AVENUE
NEW YORK, NEW YORK 10022

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

a. x the filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14C, or Rule 13e-3(c) under the Securities Exchange Act of 1934.
b. x The filing of a registration statement under the Securities Act of 1933.
c. A tender offer.
d. None of the above.

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

INTRODUCTION

This Final Amendment to Schedule 13E-3 relates to a recapitalization (the "Recapitalization") of UAL Corporation, a Delaware corporation (the "Company" or "UAL"), pursuant to the Amended and Restated Agreement and Plan of Recapitalization, dated as of March 25, 1994 (as amended, the "Plan of Recapitalization"), among UAL, the Air Line Pilots Association, International ("ALPA") and the International Association of Machinists and Aerospace Workers (the "IAM"). The Plan of Recapitalization was approved and adopted by shareholders of UAL on July 12, 1994 and became effective on the same date. Under the Plan of Recapitalization, each share of Common Stock, par value $5 per share, of the Company (the "Old Shares") that was outstanding at the Effective Time (as defined in the Plan of Recapitalization) became a right to receive: (a) $84.81 in cash and (b) one half (0.5) of a share of new Common Stock, par value $0.01 per share, of the Company (the "New Shares"). In addition, the Plan of Recapitalization provides for (1) certain amendments to the Company's Certificate of Incorporation and Bylaws that will, among other things, effectuate the Recapitalization and put into place the revised corporate governance structure contemplated by the Plan of Recapitalization and (2) the issuance of new classes of preferred stock that will (a) transfer approximately 55% (which, under certain circumstances may be increased, to up to a maximum of approximately 63%) of the common equity and voting power of the Company to employee stock ownership plans to be established for the benefit of certain groups of employees and (b) effectuate the corporate governance structure referred to above, among other things, by permitting different constituent groups to elect members of the Company's Board of Directors.

In connection with the Plan of Recapitalization, UAL completed the public offering of 16,416,000 depositary shares (the "Depository Shares"), each representing 1/1,000 of a share of 12-1/4% Series B Preferred Stock of UAL (the equivalent of $25 liquidation preference of Series B Preferred Stock per Depositary Share) (the "Series B Preferred Stock"), and United Air Lines, Inc. ("United") completed the public offering of $370,200,000 10.67% Series A Debentures due 2004 (the "Series A Debentures") of United and the public offering of $371,000,000 11.21% Series B Debentures due 2014 of United (the "Series B Debentures" and, together with the Series A Debentures, the "Debentures").

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

The Plan of Recapitalization is incorporated by reference as Exhibit 2.1 to Amendment No. 3 to the Registration Statement on Form S-4 (the "Registration Statement"), filed by UAL and United with the Securities and Exchange Commission (the "Commission") on June 10, 1994 from Exhibit 10.1 to UAL's Form 8-K dated June 3, 1994. The Plan of Recapitalization was amended by an amendment dated as of June 29, 1994 filed as Exhibit 1 to the July 1, 1994 Supplement to the Proxy Statement/Joint Prospectus dated June 10, 1994 filed with the Commission on July 5, 1994 (the "Prospectus Supplement"). A copy of the Prospectus Supplement is attached hereto as Exhibit 20.1.

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

The information set forth in the Registration Statement and Amendment No. 3 to the Registration Statement, including the Plan of Recapitalization and other exhibits, is incorporated in its entirety herein by reference.

Pursuant to General Instruction H to Schedule 13E-3, this Final Amendment omits information previously disclosed in this Schedule 13E-3.

Item 3. Past Contacts, Transactions or Negotiations

Item 3(a)(2) of the Schedule 13E-3 is hereby amended and supplemented as follows:

> At the meeting held on July 12, 1994, the shareholders of UAL voted to approve and adopt the Plan of Recapitalization and related transactions and UAL filed a Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. As a result, the Plan of Recapitalization became effective on July 12, 1994.

Item 4. Terms of the Transaction

Item 4(a) of the Schedule 13E-3 is hereby amended and supplemented as follows:

> The Company entered into a Second Amendment to the Plan of Recapitalization dated as of June 29, 1994. Such amendment was filed as Exhibit 1 to the Prospectus Supplement a copy of which is attached hereto as Exhibit 20.1.

Item 5. Plans or Proposals of the Issuers or Affiliates

Item 5(a) of the Schedule 13E-3 is hereby amended and supplemented as follows:

The Plan of Recapitalization and related transactions were consummated on July 12, 1994.

Item 5(b) of the Schedule 13E-3 is hereby amended and supplemented as follows:

The Company has filed a Certificate and Notice of Termination of Registration under Section 12(g) of the Securities Exchange Act of 1934 on Form 15 relating to the Old Shares.

Item 6. Source and Amount of Funds and Other Consideration

Item 6(a) of the Schedule 13E-3 is hereby amended and supplemented as follows:

The $84.81 in cash paid to holders of Old Shares was funded as follows: $38.00 from the Company's existing cash resources, $15.05 from the sale of the Series A Debentures, $15.08 from the sale of the Series B Debentures, and $16.68 from the sale of the Series B Preferred Stock.

Item 9. Reports, Opinions, Appraisals and Certain Negotiations.

Item 9(a) of the Schedule 13E-3 is hereby amended and supplemented as follows:

On July 1, 1994, CS First Boston Corporation and Lazard Freres & Co. each delivered their updated opinions that as of such date, the consideration to be received by holders of Old Shares in connection with the Recapitalization, taken as a whole, was fair to such holders of Old Shares from a financial point of view. Copies of these opinions were attached as Exhibits 2 and 3, respectively, to the Prospectus Supplement a copy of which is attached hereto as Exhibit 20.1.

On July 11, 1994, American Appraisal Associates, Inc. ("American Appraisal") delivered its updated solvency opinion. A copy of such opinion is attached hereto as Exhibit 99.1

Item 11. Contracts,Arrangements or Understandings With Respect to the Issuer's Securities

Item 11 of the Schedule 13E-3 is hereby amended and supplemented as follows:

The Company entered into a Second Amendment to the Plan of Recapitalization dated as of June 29, 1994. Such amendment was filed as Exhibit 1 to the Prospectus Supplement a copy of which is attached hereto as Exhibit 20.1.

Item 17. Material to be Filed as Exhibits

20.1(c) July 1, 1994 Supplement to the Proxy Statement/Joint Prospectus dated June 10, 1994 filed with the Commission on July 5, 1994.

99.1(b) Updated solvency opinion of American Appraisal dated July 11, 1994.

99.2(d) Notice to shareholders and Letter of Transmittal dated July 12, 1994.

99.3(d) Guidelines for Certification of Taxpayer Identification number on substitute Form W-9.

99.4(d) Press release issued by the Company dated July 12, 1994 announcing the closing of the Plan of Recapitalization and related transactions.

SIGNATURE

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

UAL Corporation

By:/s/ James M. Guyette
James M. Guyette

Executive Vice President

Dated: July 21, 1994

SIGNATURE

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

United Air Lines, Inc.

By:/s/ James M. Guyette
James M. Guyette
Executive Vice President

Dated: July 21, 1994

EXHIBIT INDEX

Exhibit No.	Description
20.1(c)	July 1, 1994 Supplement to the Proxy Statement/Joint Prospectus dated June 10, 1994 filed with the Commission on July 5, 1994.
99.1(b)	Updated solvency opinion of American Appraisal dated July 11, 1994.
99.2(d)	Notice to shareholders and Letter of Transmittal dated July 12, 1994.
99.3(d)	Guidelines for Certification of Taxpayer Identification number on substitute Form W-9.
99.4(d)	Press release issued by the Company dated July 12, 1994 announcing the closing of the Plan of Recapitalization and related transactions.

Exhibit 20.1

SUPPLEMENT TO THE PROXY STATEMENT/JOINT PROSPECTUS
DATED JUNE 10, 1994

UAL CORPORATION
UNITED AIR LINES, INC.

July 1, 1994

Dear UAL Corporation Stockholder:

The following information amends and supplements the Proxy Statement/Joint Prospectus, dated June 10, 1994 (the "Proxy Statement/Prospectus"), of UAL Corporation, a Delaware corporation (the "Company"), and its wholly-owned subsidiary United Air Lines, Inc., a Delaware corporation ("United"). A copy of the Proxy Statement/Prospectus has been sent to you previously. An additional copy of the Proxy Statement/Prospectus may be obtained by calling (800) 223-2064. Certain information contained in this Supplement modifies, and should be read in conjunction with, the Proxy Statement/Prospectus. Capitalized terms used but not defined herein shall have the meanings set forth in the Proxy Statement/Prospectus, as modified by the provisions of the Amendment (defined below). Cross references set forth in this Supplement are to material in the Proxy Statement/Prospectus.

Meeting of Stockholders

A meeting of holders of common stock, $5.00 par value per share (the "Old Shares"), of the Company (the "Meeting") is scheduled for July 12, 1994, at 8:30 a.m., local time, in the Imperial Ballroom of the Fairmont Hotel, 200 North Columbus Drive, Chicago, Illinois. The principal purpose of the Meeting is to consider and vote upon various proposals relating to the Recapitalization of the Company. The other purposes of the Meeting are as stated in the Notice of Meeting attached to the Proxy Statement/Prospectus (the "Notice of Meeting").

Consummation of the Recapitalization is subject to approval by the stockholders of the Company at the Meeting.

Proxies

All Old Shares that are represented at the Meeting by properly executed proxies received prior to or at the Meeting and not revoked will be voted at the Meeting in accordance with the instructions indicated in such proxies. IF NO INSTRUCTIONS ARE INDICATED, SUCH PROXIES WILL BE VOTED FOR APPROVAL OF THE PLAN OF RECAPITALIZATION, AS AMENDED, THE CHARTER AND BYLAW AMENDMENTS, THE STOCK ISSUANCE, THE AMENDMENT OF THE 1981 STOCK PROGRAM, THE AMENDMENT OF THE 1988 RESTRICTED STOCK PLAN AND THE AMENDMENT OF THE INCENTIVE PLAN; FOR THE ELECTION OF FOUR PUBLIC DIRECTORS; FOR THE RATIFICATION OF ARTHUR ANDERSEN; AND AGAINST THE STOCKHOLDER PROPOSALS. The Board of Directors of the Company does not know of any matters, other than as described in the Notice of Meeting, that are to come before the Meeting. IF A PROXY IS GIVEN TO VOTE IN FAVOR OF THE PLAN OF RECAPITALIZATION, THE PERSONS NAMED IN SUCH PROXY WILL HAVE AUTHORITY TO VOTE IN ACCORDANCE WITH THEIR BEST JUDGMENT ON ANY OTHER MATTER THAT IS PROPERLY PRESENTED AT THE MEETING FOR ACTION, INCLUDING WITHOUT LIMITATION, ANY PROPOSAL TO ADJOURN THE MEETING OR OTHERWISE CONCERNING THE CONDUCT OF THE MEETING.

A proxy card has been enclosed with this Supplement. Stockholders should complete and return the proxy card accompanying this Supplement if they have not previously completed and returned a proxy card or if they desire to revoke any proxy previously given.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Secretary of the Company, before the polls are closed with respect to the vote, a written notice of revocation bearing a later date than the proxy, (ii) duly executing a subsequent proxy relating to the same Old Shares and delivering it to the Secretary of the Company or (iii) attending the Meeting and voting in person (although attendance at the Meeting will not in and of itself constitute a revocation of a proxy). Any written notice revoking a proxy in accordance with clause (i) above should be sent to: UAL Corporation, P.O. Box 66919, Chicago, Illinois 60666, Attention: Francesca M. Maher, Secretary. In addition, both proxies and revocations of proxy may be given by delivering to Georgeson & Co. by means of facsimile at (212) 440-9009, before the close of business on the day before the Meeting, both sides of an executed form of proxy or a notice of revocation bearing a later date than the proxy.

Amendments to Amended and Restated Plan of Recapitalization and Amended and Restated Certificate of Incorporation of the Company

On June 29, 1994, the Company entered into a second amendment (the "Amendment") to the Amended and Restated Agreement and Plan of Recapitalization, dated as of March 25, 1994 (as amended, the "Plan of Recapitalization"), with the Air Line Pilots Association, International and the International Association of Machinists and Aerospace Workers (the "IAM"), which was previously amended on June 2, 1994. A copy of the Amendment is attached hereto as Exhibit 1. The Plan of Recapitalization as it existed prior to the Amendment was filed as part of the Company's Current Report on Form 8-K dated June 2, 1994 and the Amendment was filed as part of the Company's Current Report on Form 8-K dated June 30, 1994.

The Plan of Recapitalization generally provides for the Recapitalization of the Company and the transfer of between 55% and 63% of the equity of the Company to various trusts to be established for the benefit of certain employee groups in exchange for wage and benefit reductions and work rule changes. The Recapitalization is described in detail in the Proxy Statement/Prospectus.

As a result of the Amendment, stockholders of the Company would be entitled to receive in the Recapitalization for each Old Share: (i) one-half of a New Share; (ii) $38.00 in cash from the Company's existing cash resources; (iii) either $15.05 in cash from the proceeds of the United Series A Offering or, if the United Series A Offering is not consummated, $15.55 principal amount of United 10.125% Series A Debentures; (iv) either $15.08 in cash from the proceeds of the United Series B Offering or, if the United Series B Offering is not consummated, $15.55 principal amount of United 10.825% Series B Debentures; and (v) either $16.68 in cash from the proceeds of the UAL Preferred Offering or, if the UAL Preferred Offering is not consummated, Depositary Preferred Shares representing interests in $17.96 liquidation preference of UAL 11.375% Public Preferred Stock.

Underwriting of Public Preferred Stock and Debentures

On June 30, 1994, the Company entered into an underwriting agreement relating to the UAL Preferred Offering and United entered into an underwriting agreement relating to the Series A Offering and the Series B Offering. Completion of the offerings contemplated by each of the underwriting agreements is subject to completion of the Recapitalization and certain other conditions.

The underwriting agreement relating to the UAL Preferred Offering provides that the Company will offer 16,416,000 Depositary Preferred Shares representing interest in $410,400,000 liquidation preference of the Public Preferred Stock. If the offering is consummated, the Depositary Preferred Shares representing interests in the Public Preferred will bear an interest rate of 121/4%. The offering price on the Depositary Preferred Shares is $25.00 per share; each Depositary Preferred Share represents $25 liquidation preference of Public Preferred Stock.

The underwriting agreement relating to the Series A Offering provides that United will offer $370,200,000 aggregate principal amount of United 10.67% Series A Debentures. The underwriting agreement relating to the Series B Offering provides that United will offer $371,000,000 aggregate principal amount of United 11.21% Series B Debentures.

There can be no assurance that any of the offerings will be consummated.

Recommendation of the Board

THE BOARD OF DIRECTORS HAS APPROVED THE PLAN OF RECAPITALIZATION AND HAS DETERMINED THAT THE RECAPITALIZATION IS FAIR TO THE HOLDERS OF OLD SHARES.

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE PLAN OF RECAPITALIZATION AND THE RELATED MATTERS IDENTIFIED IN CLAUSES (II) THROUGH (VII) ON THE ENCLOSED PROXY CARD.

Set forth below is certain additional information concerning the views of Dr. Brimmer and Mr. Olson:

In connection with his testimony in the Shareholder Actions (as defined in "Litigation" below), Dr. Brimmer stated that his abstention on May 20, 1994 was not intended as a vote in favor of the Recapitalization. He was opposed to the Recapitalization because, in addition to the reasons previously set qqforth in the Proxy Statement/Prospectus, he believed that there were preferable alternatives to the Recapitalization which included modifying the Company's organization to start or acquire a subsidiary which would compete against other low cost carriers, giving up non-competitive routes, disposing of high cost assets, or pursuing alternatives which would not transfer majority control from the common stockholders.

In connection with his testimony in the Shareholder Action, Mr. Olson stated that he was opposed to the first amendment to the Agreement and Plan of Recapitalization, dated as of June 2, 1994, because he did not believe that an increase in the employees' equity ownership was necessary to secure the Coalition's agreement to proceed with the transaction or that any modification was warranted.

Recent Developments: Union Organizing Activity

On June 9, 1994, the Aircraft Mechanics Fraternal Association ("AMFA") filed an application with the National Mediation Board seeking authorization to represent the craft or class of mechanics and related employees at United who constitute approximately 50% of the IAM's current membership at United. AMFA's actions or future actions may affect the achievement of estimated labor savings and harmonious labor relations within the Company.

Additional Information Concerning Investments and Savings

In computing the estimated net present value of the labor savings and short-haul savings set forth in the Proxy Statement/Prospectus, the Company utilized a 10% discount rate. Such rate, which is generally used by the Company in its internal discounted cash flow models, was selected by the Company based on the Company's weighted average cost of capital. If a higher discount rate were applied to the calculation (if, for example, it was determined that the lack of assurance that the cost savings would be obtained should result in the application of such a higher discount rate), the estimated net present value of the labor savings and short-haul savings would be less than $4.9 billion.

Such $4.9 billion estimate has not been adjusted for taxes. The Company believes it would be difficult to isolate the tax implications of the savings and, in any event, believes that the ESOP will generate tax benefits to offset a significant portion of the income generated by such cost savings.

Additional Information Concerning Implementation of "Airline-Within-An-Airline"

On June 23, 1994, United issued a press release discussing the implementation of the "airline-within-an-airline", which read in part as follows:

United Airlines today said it is shifting its planning focus from conceptual to implementation of its new "airline within an airline," noting that most key strategic and operational decisions have already been reached.

The specialized carrier is targeted to take to the skies first on the West Coast on Oct. 1, 1994 with an initial schedule of 82 daily flights. The service will be expanded quickly to 129 flights in November and 143 flights in December.

United said it has established centralized implementation teams matched with local implementation teams in key West Coast cities to assure a smooth transition as the new service is introduced.

*   *   *

The initial group of 14 city pair markets to receive U-2 service include seven presently served by United and seven not served today by United.

United said the fares to be charged in these markets will be announced later but emphasized they will be very attractive.

United said that in addition to low fares its new operation will have these additional features among others:

~ Boeing 737 jet aircraft.

~ Short ground time between flights (20 minutes).

~ Seat assignments at the airport.

~ Dedicated gates and a core group of front-line employees.

Other service features including pricing and the name of the new carrier will be announced at a later date. A number of names suggested by employees and others are being reviewed through focus groups.

Certain Risk Factors

In addition to the other information contained in the Proxy Statement/Prospectus and this Supplement, holders of Old Shares should carefully consider the risk factors set forth in the Proxy Statement/Prospectus and this Supplement concerning the New Shares, and, if the Offerings are not consummated, the Debentures and/or the Depositary Preferred Shares representing interests in the Public Preferred Stock.

Financial Effects; Delaware Law Considerations.

The Recapitalization will immediately change the Company's capitalization to one that is more highly leveraged. In this regard, the following discussion compares the pro forma book effect of the Recapitalization on long-term debt, stockholder's equity and income/loss from continuing operations with recent historical financial information of the Company. On a pro forma book basis at March 31, 1994, the Company would have had approximately $3.427 billion of long-term debt and a deficit of approximately $710 million of stockholders' equity, as compared to the approximately $2.693 billion of long-term debt and approximately $1.097 billion of stockholder's equity that was shown on the Company's balance sheet on such date. In addition, if the Recapitalization had occurred as of January 1, 1993, the Company would have reported, on a pro forma basis, a loss from continuing operations of approximately $50 million for the year ended December 31, 1993 and a loss from continuing operations of approximately $60 million for the three months ended March 31, 1994, as compared to losses from continuing operations of $31 million for the year ended December 31, 1993 and $71 million for the three months ended March 31, 1994 that were reported for each period. See "REVISED UNAUDITED PRO FORMA FINANCIAL INFORMATION."

The Company's earnings were inadequate to cover fixed charges and preferred stock dividends by $98 million in 1993, by $748 million in 1992 and by $599 million in 1991. On a pro forma basis, the Company's earnings in 1993 were inadequate to cover fixed charges and preferred stock dividends by $128 million. In addition, the Company's earnings were inadequate to cover fixed charges and preferred stock dividends for the three month period ended March 31, 1994 by $118 million, and on a pro forma basis they were inadequate by $101 million. United's earnings were inadequate to cover fixed charges by $77 million in 1993, by $694 million in 1992 and by $604 million in 1991. On a pro forma basis, United's earnings in 1993 were inadequate to cover fixed charges by $82 million. In addition, United's earnings were inadequate to cover fixed charges for the three month period ended March 31, 1994 by $130 million, and on a pro forma basis they were inadequate by $107 million. Non-cash depreciation and amortization are deducted in computing earnings before fixed charges. Such non-cash charges do not significantly affect the ability of United to fund operations, service debt, or provide funds to service the Company's preferred stock dividends. Depreciation and amortization of United were $722 million in 1993, $695 million in 1992, $604 million in 1991 and $178 million for the three month period ended March 31, 1994.

Opinion of Financial Advisors to the Board

The valuation ranges as of May 20, 1994 referred to in the fifth sentence of the section entitled "BACKGROUND OF THE PLAN OF RECAPITALIZATION-Definitive Documentation Amendment" of the Proxy Statement/Prospectus relate to the alternative proposal made by the Company to the Coalition and not to the proposal made by the Coalition.

On July 1, 1994, CS First Boston and Lazard each delivered their updated written opinions that, as of such date, the consideration to be received by holders of Old Shares in connection with the Recapitalization, taken as a whole, was fair to such holders of Old Shares from a financial point of view. Copies of these opinions are attached hereto as Exhibit 2 and Exhibit 3, respectively.

Listing of New Shares, Depositary Preferred Shares and Debentures

The Company has been informed that, subject to approval of the Plan of Recapitalization by the stockholders of the Company, the New Shares, the Depositary Preferred Shares and the Debentures have been authorized for listing on the New York Stock Exchange, Inc. (the "NYSE"). Trading of the Depository Preferred Shares on the NYSE is expected to commence within a 30-day period after the initial delivery of the Depository Preferred Shares. The Company expects to apply for listing of the New Shares on the Pacific Stock Exchange and the Chicago Stock Exchange.

Certain Federal Income Tax Consequences

Generally, the Federal income tax consequences described under the heading "Certain Federal Income Tax Consequences" in the Proxy Statement/Joint Prospectus remain as described therein. However, because the amount of cash that will be exchanged (i) if the Offerings are consummated will decrease from $88 per Old Share to $84.81 per Old Share and (ii) if the Offerings are not consummated will increase to $38 per Old Share from $25.80 per Old Share, the corresponding dollar amounts in numbered paragraph 2 (on page 57 of the Proxy Statement/Joint Prospectus) should be adjusted accordingly. Specifically, if the Offerings are consummated, in whole or in part, the maximum taxable gain associated with the transaction will not exceed $84.81 per Old Share, or such lesser amount, if as a result of the Offerings the amount of cash (or the amount of cash and the fair market value of Debentures, as the case may be) exchanged in the Recapitalization is less than $84.81 per Old Share. If the Offerings are not consummated, assuming the Debentures have a fair market value of $30.13 per Old Share, the maximum taxable gain associated with the transaction will not exceed $68.13 per Old Share (i.e., the sum of the assumed fair market value of the Debentures and the amount of cash received).

Litigation

The Company, together with certain officers and directors of the Company and the Unions, are parties to two stockholder actions pending in the Court of Chancery of the State of Delaware, New Castle County, captioned Kaufman v. Wolf, C.A. No. 13312, and Krasner v. UAL Corp., C.A. No. 13316 (the "Shareholder Actions"). On June 17, 1994, plaintiffs in these two actions jointly filed an Amended Complaint. The Amended Complaint alleged, among other things, that the Proxy Statement issued by the Company in connection with the proposed Recapitalization of the Company, on which common stockholders of the Company are scheduled to vote on July 12, 1994, was false and misleading, and further alleged that the proposed Recapitalization failed to maximize shareholder value. The Amended Complaint seeks, among other things, a preliminary and permanent injunction against consummation of the

Recapitalization.

On June 21, 1994, plaintiffs filed a motion for a preliminary injunction to enjoin consummation of the Recapitalization. The Court has scheduled a hearing on this motion for July 7, 1994. On July 1, 1994, the Company and the plaintiffs entered into a memorandum of understanding relating to a settlement of the Shareholder Actions, on the basis of changes to the Plan of Recapitalization (which changes are consistent with the changes disclosed in this Supplement), and certain disclosures that are contained in this Supplement. The settlement is subject to, among other things, definitive documentation and court approval.

In addition, the Company has become aware of an action pending in the United States District Court for the Northern District of Illinois, Eastern Division, captioned Wiley v. International Association of Machinists and Aerospace Workers, No. 94C 3958, filed on June 29, 1994. The Complaint in the Wiley action alleges that the ratification of the Recapitalization by District Lodge 141 of the IAM was defective and invalid because, among other things, certain members of the IAM were allegedly treated preferentially and certain information allegedly was not disclosed to members. The Complaint seeks, among other things, an order enjoining implementation of the Recapitalization unless and until it is ratified by the plaintiff's District Lodge. The Company is not a party to this action.

Effect of the Recapitalization on Income Statement, Book Equity and Cash Flow

The effect of the Recapitalization on the Company's equity will be to immediately reduce it by approximately $1.8 billion due primarily to the distribution of cash and Debentures as part of the Recapitalization Consideration, vesting of unvested restricted stock and transaction costs. Based on the Company's analyses, the reduction in book equity would be expected to be earned back by year end 1998. The reasons for the rapid recovery of the reduction in equity were increases in net income and the effect of employee stock ownership plan accounting. Additionally, the Company's cash balance were estimated to grow to be $3.8 billion greater than what it would have otherwise been had the Recapitalization not been consummated.

The following analysis shows the anticipated effect on income statement, book equity and cash flow resulting from the Recapitalization. This analysis is based on an assumed purchase price for the Class 1 ESOP Preferred Stock at the Effective Time of $120 per share. The analysis for subsequent purchases of such Stock assumes a 14% compounded growth rate for the market price of New Shares and a purchase price premium for the Class 1 ESOP Preferred Stock in excess of the market price for the New Shares which is initially approximately 38%, declining in each successive year. The $120 per share assumed purchase price of Class 1 ESOP Preferred Stock at the Effective Time is based on an assumed market price of a New Share at the Effective Time of approximately $87. The assumption is based upon (i) an assumed market price of an Old Share at the Effective Time of approximately $128.31 per share, (ii) value of the non-New Share portion of the Recapitalization Consideration of $84.81 per Old Share, and (iii) a purchase price premium for the Class 1 ESOP Preferred Stock over the assumed value of a New Share of 38%. The actual purchase price for the Class 1 ESOP Preferred Stock at the Effective Time will be determined pursuant to the terms of the purchase agreement with the ESOP Trustee, which provides for a purchase price equal to 1.38 times the Closing Price, except that if the closing price is less than 98% of the average of the Adjusted Old Share Price for the five trading days immediately preceding the Effective Date, the purchase price shall equal the product of 1.38 and such average price. See "THE PLAN OF RECAPITALIZATION-Establishment of ESOPs-Sale of ESOP Preferred Stock-Leveraged ESOP." There can be no assurance as to the purchase price of the Class 1 ESOP Preferred Stock either at or subsequent to the Effective Time, the Closing Price, or the Adjusted Old Share Price or the actual growth rate, if any, for the market price of the New Shares during the six year wage investment period. This analysis does not purport to be indicative of the results of operations that may be obtained in the future. A change in the purchase price of the Class 1 ESOP Preferred or the New Share market price growth rate will affect the analysis set forth below. For example, a change in the assumed purchase price of the Class 1 ESOP Preferred Stock to $130 would increase the cumulative change in the cash balance in the year 2000 by $80 million. Changing the New Share market price growth rate assumption from 14% to 10% has the effect of reducing cumulative cash by approximately $70 million.

Changes to Income, Book Equity and Cash Flow*
(In millions)
Recapitalization Better/(Worse) Than Status Quo

	1994	1995	1996	1997	1998	1999	2000
Flight Kitchen Sale Savings (Net).........	$16	$38	$49	$49	$45	$48	$50
Employee Investment Savings...............	262	604	742	805	820	856	591
ESOP Accounting Charge....................	(191)	(390)	(391)	(393)	(397)	(405)	(99)
Operating Income..........................	87	252	400	461	468	499	542

Interest Expense**	(41)	(81)	(81)	(81)	(81)	(81)	(81)
Interest Income	(13)	(22)	(20)	(4)	24	51	67
Earnings Before Taxes	34	149	299	376	411	469	528
Income Taxes***	(12)	(57)	(114)	(143)	(156)	(178)	(201)
Net Income	21	92	185	233	255	291	328
Non-Cash ESOP Accounting Charge****	191	390	391	393	397	405	99
Deferred Taxes	(1)	13	38	53	62	77	65
Funds From Operations	211	495	614	679	714	773	492
Series A and B Preferred Stock Dividends	(25)	(50)	(26)	(13)	(13)	(13)	(13)
Net Cash Flow	$186	$445	$589	$666	$700	$759	$478
Change in Cash Balance (cumulative)	$186	$631	$1,220	$1,886	$2,586	$3,345	$3,823
Change in Book Equity (cumulative)	$187	$619	$1,170	$1,783	$2,421	$3,103	$3,516

- ------

* Assumes Offerings are successful and existing Series A Preferred Stock is converted on the first redemption date (May 1996) with the expected $3.25 million cash distribution to the Series A holders coming from corporate cash with no coincidental debt or preferred offering. Excludes cash and book equity effects of non-recurring payments (including cash consideration paid to the shareholders) with the exception of severance benefits paid to flight kitchen workers which were netted from employee investment. See "REVISED UNAUDITED PRO FORMA FINANCIAL INFORMATION." Assumes closing date of the Recapitalization is July 1, 1994.

** Interest and dividend rates on the Debentures and the Preferred Stock have been set in accordance with the terms set forth above in "Underwriting of Public Preferred Stock and Debentures."

*** For purposes of this analysis, income taxes were computed using the statutory rates.

**** See "-Certain Risk Factors-Financial Reporting; Market Assessment."

As shown above, the Recapitalization is expected to result in an improvement to cash flow averaging over $550 million per year through the year 2000. This improvement, aggregating $3.8 billion (excluding the cash consideration distributed to stockholders as part of the Recapitalization Consideration), is expected to result from (i) the employee investment which reduces cash expenses an average of $700 million per year, (ii) favorable tax treatment on ESOP transactions, which is expected to provide over $400 million in annual tax deductions during the ESOP allocation period, and (iii) partially offsetting the factors described above, the additional interest expense on the Debentures, dividends on the Depositary Preferred Shares and foregone interest on the cash consideration distributed to stockholders in the Recapitalization. The Company expects that at the Effective Time, taking into account the distribution of cash in the Recapitalization, it will have an opening cash balance of approximately $1.5 billion (assuming the Effective Time occurred on either June 30, 1994 or July 12, 1994). Cash generated after the Effective Time is assumed to accumulate in a cash account; if the available cash was used to repay debt, free cash flow would improve further.

Due to the accounting rules for stock-based compensation such as the ESOPs, it is expected to be difficult to compare the financial performance of the Company to companies without significant stock-based compensation. In addition to this, since there is a circular relationship between the Company's financial results and its stock price (See "-Certain Risk Factors-Financial Reporting; Market Assessment" and "-Opinions of the Financial Advisors to the Board"), it is expected that certain financial analysts may adjust the way they analyze the Company's performance. While there can be no assurances the Company's financial performance will be considered other than as reported under generally accepted accounting principles, the Company believes that the following analysis is consistent with the manner in which certain analysts will evaluate the Company's performance.

The Earnings per Share Analysis set forth in the Proxy Statement/Prospectus would change as a result of the changes to net income reflected in the previous table from that set forth in the Proxy Statement/Prospectus.

SELECTED CONSOLIDATED HISTORICAL AND PRO FORMA FINANCIAL AND OPERATING INFORMATION

UAL Corporation and Subsidiary Companies

The following consolidated financial information has been derived from the Company's consolidated financial statements, for each of the fiscal years in the five year period ended December 31, 1993, which statements have been audited by Arthur Andersen & Co., independent public accountants. Reference is made to said reports for the years 1993 and 1992 which include an explanatory paragraph with respect to the changes in methods of accounting for income taxes and postretirement benefits other than pensions as discussed in the notes to the consolidated financial statements for such years. The consolidated financial information for the three months ended March 31, 1994 and 1993 is unaudited but in the opinion of management includes all adjustments necessary for a fair presentation. The table also sets forth certain information on a pro forma basis giving effect to the Recapitalization and the Offerings. The following should be read in conjunction with the unaudited pro forma financial statements and notes related thereto included elsewhere herein and the Consolidated Financial Statements, the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Annual Report on Form 10-K for the year ended December 31, 1993, as amended, and Quarterly Report on Form 10-Q for the quarter ended March 31, 1994, and the Company's Current Report on Form 8-K dated May 3, 1994.

	Year Ended December 31,					
	1993 Pro Forma	1993	1992	1991	1990	1989
	(Unaudited)					
	(Dollars in Millions)					
Statement of consolidated operations data:						
Operating revenues(a)	$13,297	$13,325	$11,853	$10,706	$10,296	$9,288
Earnings (loss) from operations............	354(e)	263	(538)	(494)	(36)	465
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	(50)	(31)	(417)	(332)	94	324
Net earnings (loss).........................	N.A.	(50)	(957)	(332)	94	324
Statement of consolidated financial position data (at end of period):						
Total assets................................	(b)	$12,840	$12,257	$9,876	$7,983	$7,194
Total long-term debt and capital lease obligations, including current portion.....................................	(b)	3,735	3,783	2,531	1,327	1,405
Shareholder's equity........................	(b)	1,203	706	1,597	1,671	1,564
Other data:						
Ratio of earnings to fixed charges..........	(c)	(c)	(c)	(c)	1.16	1.95
Ratio of earnings to fixed charges and preferred stock dividends..................	(c)	(c)	(c)	(c)	1.16	1.95
United operating data:						
Revenue passenger (millions)................	70	70	67	62	58	55
Average length of a passenger trip in miles......................................	1,450	1,450	1,390	1,327	1,322	1,269
Revenue passenger miles (millions)..........	101,258	101,258	92,690	82,290	76,137	69,639
Available seat miles (millions)............	150,728	150,728	137,491	124,100	114,995	104,547
Passenger load factor.......................	67.2%	67.2%	67.4%	66.3%	66.2%	66.6%
Break even passenger load factor...........	65.0%	65.5%	70.6%	69.7%	66.5%	62.8%
Revenue per passenger mile..................	11.6c	11.6c	11.3c	11.5c	11.8c	11.6c
Cost per available seat mile................	8.5c	8.5c	8.9c	9.0c	9.0c	8.4c
Average price per gallon of jet fuel........	63.6c	63.6c	66.4c	71.6c	80.4c	63.6c

	(Unaudited) Three Months Ended March 31,		
	1994 Pro Forma	1994	1993
	(Dollars in Millions)		
Statement of consolidated operations data:			
Operating revenues(a)	$3,193	$3,195	$3,053
Loss from operations..	(8)(e)	(36)	(121)
Loss before extraordinary item and cumulative effect of accounting changes..	(60)	(71)	(138)
Net Loss..	N.A.	(97)	(157)
Statement of consolidated financial position data (at end of period):			
Total assets..	$11,805	$12,889	$13,288
Total long-term debt and capital lease obligations, including current portion..	4,421	3,687	4,017
Shareholders' equity..	(710)	1,097	1,137
Other data:			
Ratio of earnings to fixed charges..................................	(d)	(d)	(d)
Ratio of earnings to fixed charges and preferred stock dividends.....	(d)	(d)	(d)
United operating data:			
Revenue passengers (millions).......................................	16	16	16
Average length of a passenger trip in miles.........................	1,471	1,471	1,433
Revenue passenger miles (millions)..................................	23,289	23,289	22,443
Available seat miles (millions).....................................	35,598	35,598	35,220
Passenger load factor...	65.4%	65.4%	63.7%
Break even passenger load factor....................................	65.8%	66.5%	66.3%
Revenue per passenger mile..	11.9c	11.9c	12.0c

Cost per available seat mile	9.0c	9.0c	8.8c
Average price per gallon of jet fuel	58.6c	58.6c	65.9c

- ------

(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 revenue. Operating revenues and certain operating statistics for periods prior to 1994 have been adjusted to conform with the current presentation. See the Company's Current Report on Form 8-K dated May 3, 1994.
(b) The Pro Forma Statement of Consolidated Financial Position assumes the transaction occurred at March 31, 1994. Therefore, pro forma information at December 31, 1993 is not applicable.
(c) Earnings were inadequate to cover both fixed charges and fixed charges and preferred stock dividends by $98 million in 1993, by $748 million in 1992 and by $599 million in 1991. On a pro forma basis, earnings were inadequate to cover both fixed charges and fixed charges and preferred stock dividends by $128 million in 1993.
(d) Earnings were inadequate to cover both fixed charges and fixed charges and preferred stock dividends by $118 million and $224 million for the three month periods ended March 31, 1994 and 1993, respectively. On a pro forma basis, earnings were inadequate to cover both fixed charges and fixed charges and preferred stock dividends by $101 million for the three months ended March 31, 1994.
(e) The loss from operations includes an ESOP accounting charge which is dependent on the fair market value of the ESOP Preferred Stock during the period. The pro forma amount is based on an assumed fair value of $120 per share. See note 4 to the Pro Forma Condensed Statement of Consolidated Operations for both the year ended December 31, 1993 and the three months ended March 31, 1994 for the effects of different fair value assumptions on the ESOP accounting charge.

United Air Lines, Inc. and Subsidiary Companies

The following consolidated financial information has been derived from United's consolidated financial statements, for each of the fiscal years in the five year period ended December 31, 1993, which statements have been audited by Arthur Andersen & Co., independent public accountants. Reference is made to said reports for the years 1993 and 1992 which include an explanatory paragraph with respect to the changes in methods of accounting for income taxes and postretirement benefits other than pensions as discussed in the notes to the consolidated financial statements for such years. The consolidated financial information for the three months ended March 31, 1994 and 1993 is unaudited but in the opinion of management includes all adjustments necessary for a fair presentation. The table also sets forth certain information on a pro forma basis giving effect to the Recapitalization and the Offerings. The following should be read in conjunction with the unaudited pro forma financial statements and notes related thereto included elsewhere herein and the Consolidated Financial Statements, the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in United's Annual Report on Form 10-K for the year ended December 31, 1993, and Quarterly Report on Form 10-Q for the quarter ended March 31, 1994, as amended, and United's Current Report on Form 8-K dated May 3, 1994.

	Year Ended December 31,					
	1993 Pro Forma (Unaudited)	1993	1992	1991	1990	1989
	(Dollars in Millions)					
Statement of consolidated operations data:						
Operating revenues(a)	13,140	$13,168	$11,688	$10,703	$10,282	$9,267
Earnings (loss) from operations	386(e)	295	(496)	(491)	(41)	464
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	(20)	(17)	(386)	(335)	96	358
Net earnings (loss)	N.A.	(36)	(933)	(335)	96	358
Statement of consolidated financial position data (at end of period):						
Total assets	(b)	$12,153	$12,067	$9,907	$8,001	$7,217
Total long-term debt and capital lease obligations, including current portion	(b)	3,614	3,628	2,531	1,326	1,404
Shareholders' equity	(b)	674	738	1,613	1,769	1,665
Other data:						
Ratio of earnings to fixed charges	(c)	(c)	(c)	(c)	1.16	2.08
United operating data:						
Revenue passengers (millions)	70	70	67	62	58	55
Average length of a passenger trip in						

miles	1,450	1,450	1,390	1,327	1,322	1,269
Revenue passenger miles (millions)	101,258	101,258	92,690	82,290	76,137	69,639
Available seat miles (millions)	150,728	150,728	137,491	124,100	114,995	104,547
Passenger load factor	67.2%	67.2%	67.4%	66.3%	66.2%	66.6%
Break even passenger load factor	65.0%	65.5%	70.6%	69.7%	66.5%	62.8%
Revenue per passenger mile	11.6c	11.6c	11.3c	11.5c	11.8c	11.6c
Cost per available seat mile	8.5c	8.5c	8.9c	9.0c	9.0c	8.4c
Average price per gallon of jet fuel	63.6c	63.6c	66.4c	71.6c	80.4c	63.6c

	Three Months Ended March 31, (Unaudited)		
	1994 Pro Forma	1994	1993
	(Dollars in Millions)		
Statement of consolidated operations data:			
Operating revenues(a)	$3,171	$3,173	$3,001
Loss from operations	(16)(e)	(44)	(107)
Loss before extraordinary item and cumulative effect of accounting changes	(65)	(79)	(129)
Net Loss	N.A.	(105)	(148)
Statement of consolidated financial position data (at end of period):			
Total assets	$12,101	$12,196	$12,515
Total long-term debt and capital lease obligations, including current portion	4,301	3,567	3,864
Shareholders' equity	(248)	570	592
Other data:			
Ratio of earnings to fixed charges	(d)	(d)	(d)
United operating data:			
Revenue passengers (millions)	16	16	16
Average length of a passenger trip in miles	1,471	1,471	1,433
Revenue passenger miles (millions)	23,289	23,289	22,443
Available seat miles (millions)	35,598	35,598	35,220
Passenger load factor	65.4%	65.4%	63.7%
Break even passenger load factor	65.8%	66.5%	66.3%
Revenue per passenger mile	11.9c	11.9c	12.0c
Cost per available seat mile	9.0c	9.0c	8.8c
Average price per gallon of jet fuel	58.6c	58.6c	65.9c

- ------

(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 revenue. Operating revenues and certain operating statistics for periods prior to 1994 have been adjusted to conform with the current presentation. See United's Current Report on Form 8-K dated May 3, 1994.

(b) The Pro Forma Statement of Consolidated Financial Position assumes the transaction occurred at March 31, 1994. Therefore, pro forma information at December 31, 1993 is not applicable.

(c) Earnings were inadequate to cover fixed charges by $77 million in 1993, by $694 million in 1992 and by $604 million in 1991. On a pro forma basis, earnings were inadequate to cover fixed charges by $82 million in 1993.

(d) Earnings were inadequate to cover fixed charges by $130 million and $211 million for the three month periods ended March 31, 1994 and 1993, respectively. On a pro forma basis, earnings were inadequate to cover fixed charges by $107 million for the three months ended March 31, 1994.

(e) The loss from operations includes an ESOP accounting charge which is dependent on the fair market value of the ESOP Preferred Stock during the period. The pro forma amount is based on an assumed fair value of $120 per share. See note 4 to the Pro Forma Condensed Statement of Consolidated Operations for both the year ended December 31, 1993 and the three months ended March 31, 1994 for the effects of different fair value assumptions on the ESOP accounting charge.

REVISED UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following are the unaudited revised Pro Forma Financial Information for each of the Company and United. These statements are based on an assumed purchase price for the Class 1 ESOP Preferred Stock at the Effective Time of $120 per share. The $120 per share assumed purchase price of Class 1 ESOP Preferred Stock is based on an assumed market price of a New Share at the Effective Time of $87. (The assumption is based upon (i) an assumed market price of an Old Share at the Effective Time of approximately $128.31 per share, (ii) a value of the non-New Share portion of the Recapitalization Consideration of $84.81 per Old Share and (iii) a purchase price premium for the Class 1 ESOP Preferred Stock over the assumed value of a New Share of 38%). The actual purchase price for the Class 1 ESOP Preferred Stock at the Effective Time will be determined pursuant to the terms of the purchase agreement with the ESOP

Trustee, which provides for a purchase price equal to 1.38 times the Closing Price, except that if the Closing Price is less than 98% of the average of the Adjusted Old Share Price for the five trading days immediately preceding the Effective Date, the purchase price shall equal the product of 1.38 and such average price. See "THE PLAN OF RECAPITALIZATION-Establishment of ESOPs-Sale of ESOP Preferred Stock-Leveraged ESOP." There can be no assurance as to the actual purchase price of the Class 1 ESOP Preferred Stock, the Closing Price, or the Adjusted Old Share Price. In addition, these statements are based on the following assumptions: (i) the interest rate on the Series A Debentures has been set at 10.67%, the interest rate on the Series B Debentures has been set at 11.21%, and the dividend rate on the Depositary Preferred Shares has been set at 12.25%, (ii) the size of the Depositary Preferred Share underwriting has been reduced to $410 million from $765 million, and an amount of additional cash equal to $300 million ($12.20 per Old Share) from Company funds will be delivered to holders of Old Shares in the Recapitalization, as a result of the Amendment and the application of the interest rate cap provisions set forth in the Plan of Recapitalization and (iii) shareholders are expected to receive in the Recapitalization $84.81 per share in cash, consisting of $25.80 provided in the Plan of Recapitalization prior to the Amendment, $30.13 from the proceeds of the underwriting of the Series A Debentures and Series B Debentures, $12.20 in additional cash resulting from the Amendment and $16.68 from the proceeds of the underwriting of the Depositary Preferred Shares. With respect to the underwritings of the Series A Debentures, Series B Debentures and the Depositary Preferred Shares, there can be no assurance that the respective underwritings will be completed. These statements do not purport to be indicative of the financial position or results of operations that may be obtained in the future or that would actually have been obtained had the Recapitalization occurred on the dates indicated. See "THE PLAN OF RECAPITALIZATION-Establishment of ESOPs-Sales of ESOP Preferred Stock."

UAL Corporation and Subsidiary Companies

The following unaudited Pro Forma Condensed Statements of Consolidated Operations for the year ended December 31, 1993 and the three months ended March 31, 1994, and the unaudited Pro Forma Condensed Statement of Consolidated Financial Position as of March 31, 1994 for the Company and its subsidiaries have been prepared to reflect the Recapitalization, including: (i) the reclassification of Old Shares into New Shares and Series D Redeemable Preferred Stock, (ii) the Offerings of interests in the Public Preferred Stock (as represented by Depositary Preferred Shares and as modified as described above) and Debentures, (iii) the exchange of Series D Redeemable Preferred Stock for cash and proceeds from the Offerings, (iv) the issuance of the first tranche of Class 1 ESOP Preferred Stock to the ESOP Trustee in exchange for cash and a promissory note, (v) the recognition of unearned ESOP Preferred Stock and the related additional capital invested, (vi) the recognition of the employee stock ownership plan accounting charge, (vii) the reduction of salaries and related costs for the anticipated impact of the wage and benefit reduction and certain work rule changes and (viii) the recognition of the anticipated benefits from the agreement to sell the U.S. flight kitchens. The unaudited Pro Forma Condensed Statements of Consolidated Operations were prepared as if the Recapitalization had occurred on January 1, 1993. The unaudited Pro Forma Condensed Statement of Consolidated Financial Position was prepared as if the Recapitalization occurred on March 31, 1994.

The pro forma statements assume the Recapitalization is not accounted for as an acquisition or merger and, accordingly, the Company's assets and liabilities have not been revalued. The reclassification of Old Shares into New Shares results in the elimination of the par value of the Old Shares and recognition of the par value of the New Shares. The distribution of the cash to holders of Old Shares is charged to additional capital invested and retained earnings.

The ESOPs are being accounted for in accordance with the American Institute of Certified Public Accountants Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" ("SOP"). For the Leveraged ESOP, the Company will issue Class 1 ESOP Preferred Stock through seven ESOP Tranches, at the Effective Time, approximately thirteen months following the Effective Time, annually thereafter for four years and on January 1, 2000. As the shares are issued to the Leveraged ESOP, the Company will report the issuance of shares as a credit to additional capital invested based on the fair value of the stock when such issuance occurs and report a corresponding charge to unearned ESOP Preferred Stock. As consideration for the shares, the Company will receive from the ESOP Trustee a series of promissory notes and cash. The notes will not be recorded in the Company's Statement of Consolidated Financial Position and the related interest income will also not be recorded in the Company's Statement of Consolidated Operations. As shares of Class 1 ESOP Preferred Stock are earned or committed to be released, an employee stock ownership plan accounting charge will be recognized equal to the average fair value of the shares committed to be released with a corresponding credit to unearned ESOP Preferred Stock. Any differences between the fair value of the shares committed to be released and the cost of the shares to the ESOP will be charged or credited to additional capital invested. For the Non-Leveraged Qualified ESOP, a credit for the shares of Class 2 ESOP Preferred Stock will be recorded as the shares are committed to be contributed to the ESOP, with the offsetting entry to compensation expense. Compensation expense will be recorded based on the fair value of the shares committed to be contributed to the ESOP, in accordance with the SOP. The pro forma financial statements assume that the Supplemental ESOP is accounted for the same as the Non-Leveraged Qualified ESOP (i.e. pursuant to the SOP). It is possible that, because the Supplemental ESOP is a non-qualified plan, the Company may account for it under Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees," instead. The Company would not expect this to result in a material difference. The shares committed to be contributed to the Supplemental ESOP will be reported outside of equity because the employees can elect to receive their "book entry" shares from the Company in cash upon termination of employment.

The ESOP Preferred Stock is considered to be a common stock equivalent for accounting purposes since the shares cannot remain outstanding indefinitely and participants cannot withdraw their shares from the plan. Under the SOP, when computing primary and fully diluted earnings per share, only those shares committed to be released in the case of Class 1 ESOP Preferred Stock and shares committed to be contributed in the case of Class 2 ESOP Preferred Stock are considered outstanding as common stock equivalents. Prospectively, as dividends are paid by the Company to the ESOP, only dividends on allocated shares will be recorded as a charge to equity. Since the Company controls the use of dividends on unallocated ESOP Preferred Stock, such dividends will not be considered dividends for financial reporting purposes. Any dividends on unallocated shares added to participant accounts would be reported as compensation expense.

The unaudited Pro Forma Condensed Statements of Consolidated Operations include the recurring charges and credits that are directly attributable to the Recapitalization, such as the interest expense arising from the Debentures, the effects of the wage and benefit reductions and certain work-rule changes resulting from the employee investment, and the employee stock ownership plan accounting charge. No adjustments have been made to the pro forma revenues and expenses to reflect the results of structural changes in operations, such as U2, that might have been made had the changes been consummated on the assumed effective dates for presenting pro forma results.

The pro forma adjustments are based upon available information and upon certain assumptions that the Company believes are reasonable. In addition, this information should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 1993, as amended, and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 which include the Company's Consolidated Financial Statements and the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Company's Current Report on Form 8-K dated May 3, 1994.

UAL Corporation and Subsidiary Companies
Pro Forma Condensed Statement of Consolidated Operations

Year Ended December 31, 1993
(In millions, except per share amounts)

	Historical	Adjustments	Pro Forma
Operating revenues..............................	$13,325 (11)	$ (28)(1)	$13,297
Operating expenses:			
Salaries and related costs......................	4,760	(428)(2)(3)	
		(191)(1)	4,141
Employee stock ownership plan accounting charge..		369 (4)	369
Other...	8,302 (11)	131 (1)	8,433
	13,062	(119)	12,943
Earnings (loss) from operations.................	263	91	354
Other income (expense):			
Interest, net...................................	(209)	(81)(5)	
		(40)(6)	(330)
Other, net......................................	(101)		(101)
	(310)	(121)	(431)
Loss from continuing operations before income taxes............................	(47)	(30)	(77)
Provision (credit) for income taxes.............	(16)	(11)(7)	(27)
Loss from continuing operations.................	$(31)	$(19)(8)	$(50)
Loss per share from continuing operations........	$ (2.64)(9)		$ (10.66)(10)
Shares used in per share computations...........	24.4 (9)		12.5 (10)

See accompanying notes to Pro Forma Condensed Statement of Consolidated Operations.

UAL Corporation and Subsidiary Companies
Notes to Pro Forma Condensed
Statement of Consolidated Operations

For the Year Ended December 31, 1993

(1) The Company entered into an agreement to sell its U.S. flight kitchens over a period of months beginning in December 1993 through June 1994 and an agreement to acquire catering services for a seven year period. This adjustment eliminates $28 million of sales revenues and $191 million of compensation costs recorded in 1993 relating to the U.S. flight kitchens that were sold and adds estimated incremental catering costs of $131 million.

(2) To adjust compensation expense for the pro forma effect of the wage and benefit reductions and certain work-rule changes resulting from the employee investment that provide for wage and other compensation savings during the approximately six year period beginning at the Effective Time. The pro forma adjustment represents the estimated savings in the 12 months assuming that such savings had commenced at the beginning of the period. The pro forma adjustment does not include any savings related to U2.

(3) The following reconciles the labor cost savings included in the Pro Forma Condensed Statement of Consolidated Operations to the value of the employee investments included in the Company Analysis of employee investments for 1994 (see "SPECIAL FACTORS-Certain Company Analyses"):

	(millions)
Pro Forma adjustment based on 1993 salaries	$428
Estimated compensation savings based on 1994 salaries	68
Estimated benefits of U2 during the first year	64
Estimated additional severance for flight kitchen employees during the first year	(36)
Estimated 1994 investments	$524
Estimated six months of investments included in 1994 analysis	$262

(4) To record non-cash compensation for shares of ESOP Preferred Stock committed to be released to employees during the period based on the average fair value of such ESOP Preferred Stock. The average fair value of the ESOP Preferred Stock is based on two components: (1) the average fair value of the New Shares into which the ESOP Preferred Stock is convertible plus (2) a premium attributable to the dividend paying feature of the ESOP Preferred Stock. For purposes of the pro forma adjustment, the average fair value of the ESOP Preferred Stock was assumed to be the initial assumed purchase price of $120. In future years, it is anticipated that the ESOP Preferred Stock price, for purposes of computing the employees stock ownership plan accounting charge, will be determined by an independent appraiser who will value both components. Additionally, in future years, the shares committed to be released that are used to satisfy the dividends payable on previously allocated shares will be charged to retained earnings rather than compensation expense.

The shares of the ESOP Preferred Stock committed to be released are a fraction of the original ESOP Preferred Stock shares. It is anticipated the shares will be released in a level fashion over the 69 months of the ESOP taking into account the partial periods in 1994 and 2000. This would result in approximately 3.07 million ESOP Preferred Stock shares committed to be released in each full calendar year. Shares released in a partial year would be pro rated.

Since future expense is dependent on the fair market value of the ESOP Preferred Stock, such expense is difficult to forecast and may vary significantly from the value in the pro forma adjustment. Changes in the price of a New Share directly affect the determination of the value of a share of ESOP Preferred Stock. In addition, if the average value of a New Share exceeds $136 during the first 12 months after the Effective Time, additional shares of ESOP Preferred Stock will be issued to the Qualified ESOP or reserved for issuance to the Supplemental ESOP to increase the ESOP's ownership from approximately 55% up to a maximum of approximately 63%. Future expense is also affected by the premium associated with the dividend paying feature which shrinks over time as the dividend paying period is reduced.

Following is a summary of the impact to the employee stock ownership plan accounting charge of a range of fair market values:

Average ESOP Preferred Stock	ESOP Accounting Charge*

Fair Value	(millions)
$110	$338
120	369
130	400
140	430

- ------

* Assumes 3.07 million shares committed to be released in the pro forma period and no shares used to satisfy dividends payable since shares are not allocated to participants until December 31. In later years shares will be used to satisfy dividends on allocated shares, which will reduce the employee stock ownership plan accounting charge.

The following illustrates the impact to the employee stock ownership plan accounting charge if the average value of the New Shares in the first 12 months exceeds $136 per share.

Average New Share Price	Average ESOP Preferred Stock Fair Value*	Additional Shares to be Issued**	Shares to be Released for First Year***	Increase in ESOP Accounting Charge**** (millions)
$136	$168	0	0	$0
140	172	2,260,410	393,115	68
150	182	6,949,234	1,208,562	220

- ------

* Assumes a dividend premium of $32 per share.

** To achieve the maximum increase in ownership, the price of a New Share must average at least $149.10 during the first 12 months after the Effective Time. If the average price of a New Share is less than or equal to $136, no additional shares of ESOP Preferred Stock will be issued.

*** The additional shares will be released in a level fashion over the 69 months of the ESOP.

**** Represents the first year increase; subsequent increases are dependent on changes in the fair value of the ESOP Preferred Stock.

(5) To record the interest expense on the Debentures and to record amortization of the underwriting discount. The pro forma calculations assume the United Debt Offerings are consummated and are based on an interest rate on the Series A Debentures of 10.67% and on the Series B Debentures of 11.21%. If the United Debt Offerings are not consummated, the interest rates are subject to the stated maximums under the Recapitalization of 10.125% for the Series A Debentures and 10.825% for the Series B Debentures. This will not impact the pro forma interest expense because even though the interest rate on the series of Debentures exceeds the stated maximum, the principal amount of the series of Debentures was reduced so that the yield to maturity will not exceed the yield to maturity that would have resulted if the par amount of the series of Debentures (based on the stated maximum interest rate) was priced at a discount.

(6) To record foregone interest income due to the reduction in the Company's average investment balance resulting from the Recapitalization. The pro forma adjustment is based on the Company's average earnings rate during 1993.

(7) To adjust the provision (credit) for income taxes to reflect the tax effect of changes to pretax income at the statutory rate in effect during 1993. For purposes of the pro forma adjustments, the book and tax employee stock ownership plan compensation charge are assumed to be the same.

(8) If the Recapitalization is consummated, the Company expects to recognize nonrecurring charges of approximately $44 million relating to additional severance benefits for employees terminated as a result of the sale of the flight kitchens, up to $49.15 million of transaction fees and expenses incurred by ALPA, the IAM and certain advisors in connection with the structuring and establishment of the ESOPs, $30 million for the Company's transaction fees and expenses, $17 million of compensation expense relating to vesting the unvested restricted stock as a result of the change in control, $21 million of payments and benefits to Mr. Greenwald and officers who are retiring at the Effective Time, and $13 million of compensation expense (based on an assumed Old Share price of approximately $128.31 at the Effective Time) relating to the vesting of unvested Options and the implementation of a feature that provides for cashless exercise of Options in the event of the Recapitalization. (The existing Option holders are only entitled to utilize the cashless exercise feature if the Recapitalization occurs. The pro forma financial information assumes all in-the-money Options are exercised at the Effective Time and, since the cashless exercise results in variable plan accounting, there is an initial nonrecurring charge for the cashless exercise feature but no ongoing impact; however, if Option holders do not exercise their Options at the Effective Time, there will be an ongoing accounting impact for the changes in the fair market value of the Recapitalization Consideration that is issuable upon exercise of such Options.) The total after-tax effect of the nonrecurring charges is $122 million. Due to the nonrecurring nature of these charges, they have been excluded from the Pro Forma Condensed

Statement of Consolidated Operations.

(9) Due to the nature of the Recapitalization, a comparison of historical and pro forma loss per share is not meaningful.

(10) The pro forma loss per common share is based on an estimated 12,519,891 weighted average shares outstanding and is calculated after preferred stock dividend requirements of $33.2 million on the Company's outstanding Series A Preferred Stock and $50.3 million on the Public Preferred Stock issued as a result of the Recapitalization. The number of weighted average shares assumes the Series A Preferred Stock does not convert during the first year of the transaction. The number of average shares of ESOP Preferred Stock committed to be released during the year were not included in the calculation as a common stock equivalent because the effect is anti-dilutive. Since no shares of ESOP Preferred Stock are allocated until December 31, the pro forma calculations assume no dividends are paid on allocated shares of ESOP Preferred Stock during the year ended December 31, 1993, and accordingly, dividends on ESOP Preferred Stock are not included in the pro forma loss per share.

The pro forma calculations assume the UAL Preferred Offering is consummated and are based on a dividend rate on the Public Preferred Stock of 12.25%. If the UAL Preferred Offering is not consummated, the dividend rate is subject to the stated maximum under the Recapitalization of 11.375%. This will not impact the pro forma loss per share because even though the dividend rate of the Public Preferred Stock exceeds the stated maximum, the number of Depositary Preferred Shares representing the Public Preferred Stock was reduced so that the annual dividends will not exceed the stated maximum which was calculated based upon the dividend rate cap.

Following is a reconciliation of the historical and pro forma weighted average shares:

	(in millions)
Historical weighted average shares during the year....................................	24.4
Adjustment for restricted stock issued during the year assumed to be issued and vested on January 1, 1993....................................	0.1
Adjustment for the number of option shares assumed to be issued at the Effective Time (see "THE PLAN OF RECAPITALIZATION-Terms and Conditions-General")....................................	0.5
Adjusted weighted average shares....................................	25.0
Adjustment to give effect to the two for one exchange of Old Shares for New Shares....	(12.5)
Pro forma weighted average shares....................................	12.5

(11) In the first quarter of 1994, the Company began recording certain air transportation price adjustments, which were previously recorded as commission expense, as adjustments to revenue. Historical operating revenue and expense amounts have been adjusted to conform with the current presentation. See the Company's Current Report on Form 8-K dated May 3, 1994.

UAL Corporation and Subsidiary Companies
Pro Forma Condensed Statement of Consolidated Operations

For the Three Months Ended March 31, 1994
(In millions, except per share amounts)

	Historical	Adjustments	Pro Forma
Operating revenues..............................	$3,195	$(2)(1)	$3,193
Operating expenses:			
Salaries and related costs......................	1,202	(111)(2)(3) (27)(1)	1,064
Employee stock ownership plan accounting charge..		86 (4)	86
Other..	2,029	22 (1)	2,051
	3,231	(30)	3,201
Earnings (loss) from operations.................	(36)	28	(8)
Other income (expense):			
Interest, net..................................	(56)	(20)(5) (10)(6)	(86)
Other, net.....................................	(16)	19 (7)	3
	(72)	(11)	(83)

Loss from continuing operations before income taxes	(108)	17	(91)
Provision (credit) for income taxes	(37)	6 (8)	(31)
Loss from continuing operations	$(71)	$11	$(60)
Loss per share from continuing operations	$(3.31)(9)		$(7.05)(10)
Shares used in per share computations	24.5 (9)		12.5 (10)

See accompanying notes to Pro Forma Condensed Statement of Consolidated Operations.

UAL Corporation and Subsidiary Companies
Notes to Pro Forma Condensed
Statement of Consolidated Operations

Three Months Ended March 31, 1994

(1) The Company entered into an agreement to sell its U.S. flight kitchens over a period of months beginning in December 1993 through June 1994 and an agreement to acquire catering services for a seven year period. This adjustment eliminates $2 million of sales revenues and $27 million of compensation costs recorded in the first quarter of 1994 relating to the U.S. flight kitchens that were sold and adds estimated incremental catering costs of $22 million.

(2) To adjust compensation expense for the pro forma effect of the wage and benefit reductions and certain work-rule changes resulting from the employee investment that provide for wage and other compensation savings during the approximately six year period beginning at the Effective Time. The pro forma adjustment represents the estimated savings in the first quarter of 1994 assuming that such savings had commenced at the beginning of the prior year. The pro forma adjustment does not include any savings related to U2.

(3) The following reconciles the labor cost savings included in the Pro Forma Condensed Statement of Consolidated Operations to the value of the employee investments included in the Company Analysis of employee investments for 1994 (see "SPECIAL FACTORS-Certain Company Analyses"):

	(millions)
Pro Forma adjustment	$111
Estimated compensation savings based on foregone 1994 raises	13
Estimated benefits of U2 for three months	16
Estimated additional severance for flight kitchen employees for three months	(9)
Estimated three months of investments	$131
Estimated six months of investments included in 1994 analysis	$262

(4) To record non-cash compensation for shares of ESOP Preferred Stock committed to be released to employees during the period based on the average fair value of the ESOP Preferred Stock. For purposes of the pro forma adjustment, the average fair value of the ESOP Preferred Stock was assumed to be the initial assumed purchase price of $120. The pro forma calculations assume that shares committed to be released in 1993 were allocated to participant accounts at the end of 1993. Thus, the portion of shares committed to be released in 1994 that will be used to satisfy dividends payable on allocated shares is charged to retained earnings rather than non-cash compensation expense. It is anticipated that in the first quarter of 1994, approximately 768,000 shares of ESOP Preferred Stock will be committed to be released, and that approximately 54,000 of these shares will be used for dividends.

Since future expense is dependent on the fair market value of the ESOP Preferred Stock, such expense is difficult to forecast and may vary significantly from the value in the pro forma adjustment. Changes in the price of a New Share directly affect the determination of the value of an ESOP Preferred Stock share. In addition, if the average value of a New Share exceeds $136 during the first 12 months after the Effective Time, additional shares of ESOP Preferred Stock will be issued to the Qualified ESOP or reserved for issuance to the Supplemental ESOP. Future expense is also affected by the premium associated with the dividend paying feature which shrinks over time as the dividend paying period is reduced.

Following is a summary of the impact to the employee stock ownership plan accounting charge of a range of fair market values:

Average ESOP Preferred Stock Fair Value	ESOP Accounting Charge* (millions)
$110	$79
120	86
130	93
140	100

- ------

* Assumes 768,000 shares committed to be released in the pro forma period and approximately 54,000 shares used for dividends which are charged to retained earnings. As additional shares are allocated in later years, the employee stock ownership plan accounting charge will be reduced.

The following illustrates the impact to the employee stock ownership plan accounting charge for the quarter if the average value of the New Shares in the first 12 months exceeds $136 per share.

Average New Share Price	Average ESOP Preferred Stock Fair Value*	Additional Shares to be Issued**	Shares to be Released for the Quarter***	Increase in ESOP Accounting Charge**** (millions)
$136	$168	0	0	$ 0
140	172	2,260,410	98,279	16
150	182	6,949,234	302,141	51

* Assumes a dividend premium of $32.

** To achieve the maximum increase in additional Shares, the price of a New Share must average at least $149.10 during the first 12 months after the Effective Time. If the average price of a New Share is less than or equal to $136, no additional shares of ESOP Preferred Stock will be issued.

*** The additional shares will be released in a level fashion over the 69 months of the ESOP.

**** Represents the increase for the quarter; subsequent increases are dependent on changes in the fair value of the ESOP Preferred Stock.

(5) To record the interest expense on the Debentures and to record amortization of the underwriting discount. The pro forma calculations assume the United Debt Offerings are consummated and are based on an interest rate on the Series A Debentures of 10.67% and on the Series B Debentures of 11.21%. If the United Debt Offerings are not consummated, the interest rates are subject to the stated maximums under the Recapitalization of 10.125% for the Series A Debentures and 10.825% for the Series B Debentures. This will not impact the pro forma interest expense because even though the interest rate on the series of Debentures exceeds the stated maximum, the principal amount of the series of Debentures was reduced so that the yield to maturity will not exceed the yield to maturity that would have resulted if the par amount of the series of Debentures (based on the stated maximum interest rate) was priced at a discount.

(6) To record foregone interest income due to the reduction in the Company's average investment balance resulting from the Recapitalization. The pro forma adjustment is based on the Company's average earnings rate during the first quarter of 1994.

(7) To reverse $19 million of nonrecurring fees and expenses relating to the Recapitalization which were recorded in the first quarter of 1994.

(8) To adjust the provision (credit) for income taxes to reflect the tax effect of changes to pretax income at the statutory rate in effect during the first quarter of 1994. For purposes of the pro forma adjustment the book and tax employee stock ownership plan compensation charge are assumed to be the same.

(9) Due to the nature of the Recapitalization, a comparison of historical and pro forma loss per share is not meaningful.

(10) The pro forma loss per common share is based on an estimated 12,547,163 weighted average shares outstanding and is calculated after preferred stock dividend requirements of $9.4 million on the Company's outstanding Series A Preferred Stock, $12.6 million on the Public Preferred Stock issued as a result of the Recapitalization and $6.5 million on the ESOP Preferred Stock issued as a result of the Recapitalization. The dividends on the ESOP Preferred Stock relate to the estimated 3,073,974 shares allocated at the end of 1993 (of the total 17,675,345 shares that will be allocated) and a dividend rate of 7%. The number of weighted average shares assumes the Series A Preferred Stock does not convert during the first year of the transaction. The number of average shares of ESOP Preferred Stock committed to be released during the period were not included in the calculation as a common stock equivalent because the effect is anti-dilutive. In addition, the pro forma calculations assume the UAL Preferred Offering is consummated and are based on a divided rate on the Public Preferred Stock of 12.25%.

Following is a reconciliation of the historical and pro forma weighted average shares:

	(in millions)
Historical weighted average shares for the quarter	24.5
Adjustment for restricted stock issued subsequent to January 1, 1993 assumed to be issued and vested on January 1, 1993	0.1
Adjustment for the number of option shares assumed to be issued at the Effective Time (see "THE PLAN OF RECAPITALIZATION-Terms and Conditions-General")	0.5
Adjusted weighted average shares	25.1
Adjustment to give effect to the two for one exchange of Old Shares for New Shares	(12.6)
Pro forma weighted average shares	12.5

UAL Corporation and Subsidiary Companies
Pro Forma Condensed Statement of Consolidated Financial Position

March 31, 1994
(In millions, except share data)

ASSETS	Historical	Adjustments	Pro Forma
Current assets:			
Cash and cash equivalents	$1,046	$1,133 (1a)	$
		(2,129)(1b)	50
Short-term investments	1,020	(140)(2)	
		8 (11)	888
Other	1,837	44 (3)	1,881
	3,903	(1,084)	2,819
Operating property and equipment	12,226		12,226
Less: Accumulated depreciation and amortization	(5,177)		(5,177)
	7,049		7,049
Other assets:			
Other	1,937		1,937
	$12,889	$(1,084)	$11,805

LIABILITIES AND SHAREHOLDERS' EQUITY	Historical	Adjustments	Pro Forma
Current liabilities:			
Short-term borrowings, long-term debt maturing within one year and current obligations under capital leases	$486	$	$486
Other	4,502	(11)(11)	4,491
	4,988	(11)	4,977
Long-term debt	2,693	734 (1c)	3,427
Long-term obligations under capital leases	777		777
Other liabilities, deferred credits and minority interest	3,334		3,334
Class 2 ESOP Preferred Stock, $.01 par, none issued		- (13)	
Shareholders' equity:			
Series A Preferred Stock, $.01 stated value, 6,000,000 shares issued, $100 liquidation value	-	-	-
Series B Preferred Stock, $.01 stated value, 16,416 shares issued, $25,000 liquidation value		- (1d)	-
Class 1 ESOP Preferred Stock, $.01 par, 1,899,059 shares issued, $120 liquidation value		- (4)	-
Class 2 ESOP Preferred Stock, $.01 par, none issued		- (4)	-
Voting Preferred Stock, $.01 par, 3 shares issued, $.01 liquidation value		- (5)	-
Common stock, $5 par value, 25,500,662 shares issued and outstanding-historical	128	(128)(1e)	-
Common stock, $.01 par value, 13,006,564 shares issued and outstanding-pro forma(12)		- (1e)	-
Additional capital invested	963	(963)(1e)	
		399 (1d)	
		228 (4)	
		13 (6)	640
Retained earnings (deficit)	142	(1,038)(1e)	

		(108)(7)	(1,004)
Pension liability adjustment..	(53)		(53)
Unearned compensation...	(14)	14 (8)	-
Unearned ESOP Preferred Stock.......................................		(228)(4)	(228)
Unrealized loss on investments......................................	(2)		(2)
Common stock held in treasury, 929,631 shares-historical, 439,816 shares-pro forma	(67)	4 (9)	(63)
	1,097	(1,807)(10)	(710)
	$12,889	$(1,084)	$11,805

See the accompanying notes to Pro Forma Condensed
Statement of Consolidated Financial Position.

UAL Corporation and Subsidiary Companies
Notes to Pro Forma Condensed Statement of Consolidated Financial Position

March 31, 1994

(1) To record the Recapitalization (as described in "THE PLAN OF RECAPITALIZATION-Terms and Conditions"). The entries assume that (i) the Offerings of Debentures and Depositary Preferred Shares representing interests in Public Preferred Stock are consummated, (ii) all in-the-money Options are vested and exercised at the Effective Time using a cashless exercise mechanism, (iii) treasury stock held by the Company immediately prior to the Effective Time will convert into New Shares that remain outstanding after the Recapitalization and (iv) Convertible Company Securities that are outstanding immediately prior to the Effective Time will not convert into the Recapitalization Consideration at the Effective Time. The cashless exercise feature permits holders of Options to exercise them by surrendering to the Company a portion of the proceeds of the Option in lieu of paying the exercise price in cash. When the cashless exercise feature is used, each element of the Recapitalization Consideration that is issuable upon the exercise of such Options is reduced proportionately, and the net Recapitalization Consideration (including the New Shares) that is issued is equal in value to the spread value of the Options exercised. See footnote 8 to the Pro Forma Condensed Statement of Consolidated Operations for the year ended December 31, 1993.

(a) To record the proceeds from the Offerings of approximately $741 million of Debentures and approximately $410 million of Depositary Preferred Shares representing interests in Public Preferred Stock, net of underwriting discount of $7 million for the Debentures and $11 million for the Public Preferred Stock. (If the Offerings are not consummated, the Debentures and the Depositary Preferred Shares included in entry 1(c) and 1(d) will be issued to the holders of Old Shares upon redemption of the Series D Redeemable Preferred Stock.)

(b) To record the cash payment to holders of Old Shares upon the redemption of the Redeemable Preferred Stock. The cash payment includes $25.80 per share plus an additional amount of cash equal to $12.20 per share plus proceeds from the sales of $30.13 face amount of Debentures and Depositary Preferred Shares representing interests in $16.68 liquidation preference of Public Preferred Stock (before deducting underwriting discounts). The pro forma adjustment also includes the cash payment of $84.81 per share upon exercise of Options. (If the amounts to be sold in the Offerings differ from the amounts discussed in entry 1(c) and 1(d) or if any of the Offerings are not consummated, the amount paid to holders of Old Shares will change.)

(c) To record the issuance of $370 million of principal amount of Series A Debentures and $371 million of principal amount of Series B Debentures, less the underwriting discount of $7 million. The pro forma adjustment assumes that the United Debt Offerings are consummated and that the interest rate is 10.67% for the Series A Debentures and 11.21% for the Series B Debentures based on the pricing of the United Debt Offerings. The Debentures are being recorded at their face amount on the assumption that they are priced to trade at par.

If the underwritings are not consummated, $382.5 of principal amount of Series A Debentures and $382.5 million of principal amount of Series B Debentures will be issued. The actual rates on the Debentures have been set at the applicable stated maximum rates of 10.125% for the Series A Debentures and 10.825% for the Series B Debentures. If either or both of the United Debt Offerings are not consummated and the then current market interest rate exceeds the applicable stated maximum, such Debentures will be recorded at a discount.

(d) To record the issuance of Depositary Preferred Shares representing interests in $410 million liquidation preference of Public Preferred Stock, net of underwriting discount of $11 million. The pro forma adjustment assumes the UAL Preferred Offering is consummated and that the dividend rate is 12.25% based on the pricing of the UAL Preferred Offering. The Public Preferred Stock is recorded at its stated value of $.01 per share, with the excess of liquidation value over stated value and net of underwriting discount recorded as additional capital invested.

If the UAL Preferred Offering is not consummated, Depositary Preferred Shares representing interests in approximately $442 million of liquidation preference of Public Preferred Stock will be issued. The dividend rate has been set to the maximum rate of 11.375%.

(e) To record the reclassification of Old Shares into New Shares and Series D Redeemable Preferred Stock. The Series D Redeemable Preferred Stock is assumed to immediately convert to cash, including proceeds from the sale of Debentures and Depositary Preferred Shares representing interests in the Public Preferred Stock. (The pro forma adjustments do not reflect the Series D Redeemable Preferred Stock issued to the Company upon reclassification of the treasury stock because such shares are surrendered for cancellation immediately after issuance.)

The New Shares are recorded at their par value of $.01 per share. Following is a summary of the entries to additional capital invested and retained earnings (in millions):

	Additional Capital Invested	Retained Earnings
Cancellation of Old Shares..	$128	$-
Distribution of cash........	(1,091)	(1,038)
Pro forma adjustment........	$(963)	$(1,038)

(2) To record the cash impact of the estimated fees and transaction expenses, including expenses for the Company, ALPA and the IAM, severance payments to terminated officers and flight kitchen employees and payments relating to the employment agreement with Mr. Greenwald.

(3) To record the tax effects relating to nonrecurring charges recognized as a result of the Recapitalization.

(4) To record the initial issuance of Class 1 ESOP Preferred Stock to the Leveraged ESOP for an aggregate purchase price of $228 million. The $228 million was determined based on (i) 1,899,059 shares of Class 1 ESOP Preferred Stock expected to be issued in the first ESOP Tranche as of the Effective Time and (ii) an assumed purchase price of $120 per share. The Company and the Unions may, prior to the Effective Time, agree to increase or decrease the number of shares of Class 1 ESOP Preferred Stock sold at the Effective Time. The agreement with the ESOP Trustee provides that the number of shares of Class 1 ESOP Preferred Stock sold at the Effective Time shall be no more than 2,088,965 and no fewer than 1,709,153 provided, however, that the number of shares sold in the first ESOP Tranche will be adjusted if the Effective Time is before or after July 1, 1994. The actual price per share for the first ESOP Tranche will be calculated as provided in the ESOP Stock Purchase Agreement (see "THE PLAN OF RECAPITALIZATION-Establishment of ESOPs"). Thus, the ultimate amount recorded at the Effective Time will differ from the pro forma adjustment in order to reflect the actual number of shares issued and the purchase price calculated under the ESOP Stock Purchase Agreement.

Six additional ESOP Tranches will be issued to the Leveraged ESOP during the 69 months subsequent to the Effective Time, with the total shares of Class 1 ESOP Preferred Stock issued in the seven ESOP Tranches aggregating approximately 14,000,000 shares (subject to increase, see "THE PLAN OF RECAPITALIZATION-Establishment of ESOPs-Additional Shares"). The price for the subsequent ESOP Tranches will be as agreed between the Company and the ESOP Trustee at the time of each sale. As the subsequent ESOP Tranches are issued, the shares will be reported as a credit to additional capital invested based on the fair value of the stock when such issuances occur with a corresponding charge to "Unearned ESOP Preferred Stock."

The unearned ESOP Preferred Stock recorded in the pro forma adjustment together with the unearned ESOP Preferred Stock recorded from subsequent ESOP Tranches will be recognized as compensation expense over the approximately six year investment period as the shares are committed to be released. The difference between the compensation expense recorded, which is based on the fair value of the stock during an accounting period, and the recorded cost of the unearned ESOP Preferred Stock will be recorded to additional capital invested.

The shares of Class 2 ESOP Preferred Stock will be recorded over the approximately six year investment period as the shares are committed to be contributed to the Non-Leveraged Qualified ESOP and credited to employees pursuant to the Supplemental ESOP with the offsetting entry being to compensation expense. The number of shares of Class 2 ESOP Preferred Stock that will be issued will be equal to 17,675,345 less the number of Shares of Class 1 ESOP Preferred Stock that will be sold to the Qualified ESOP.

The ESOP Preferred Stock is convertible into New Shares at any time at the election of the ESOP Trustee at a rate of one New Share for each share of ESOP Preferred Stock (subject to adjustment). Primarily because of limitations imposed by the Internal Revenue Code, the ESOP consists of three major portions: the Leveraged ESOP, the Non-Leveraged Qualified ESOP, and the Supplemental ESOP. Shares of ESOP Preferred Stock issued under the Leveraged ESOP and the Non-Leveraged Qualified ESOP will be held by the ESOP Trustee under the Qualified Trust. Under the Supplemental ESOP, shares will be credited as Book-Entry Shares when earned by employees, and will be issued to employees as New Shares, generally upon termination of employment. ALPA has the right to elect, at any time, before or after the Effective Time, that the Supplemental ESOP be maintained by the actual issuance of Class 2 ESOP Preferred Stock to a non-qualified trust established under the Supplemental Plan. In general, the Plan of Recapitalization is designed to maximize the number of shares of ESOP Preferred Stock that may be sold to the Qualified Trust. However, because of certain limitations imposed by the Internal Revenue Code, a portion of the equity interest to be obtained by the ESOP Trustee may not be sold to the Qualified Trust. The Class 1 ESOP Preferred Stock contains a fixed dividend feature which is intended to maximize the number of shares of Class 1 ESOP Preferred Stock that may be sold to the Qualified Trust consistent with the applicable provisions of the Internal Revenue Code. To the extent that the Qualified Trust is unable to purchase the Class 1 ESOP Preferred Stock, Class 2 ESOP Preferred Stock will be issued, to the extent permitted by the limitations of the Internal Revenue Code, to the ESOP Trustee pursuant to the Non-Leveraged Qualified ESOP. Class 2 ESOP Preferred Stock will not contain a fixed dividend. To the extent that Class 2 ESOP Preferred Stock cannot be issued to the ESOP Trustee because of the limitations of the Internal Revenue Code, the Company will credit Book-Entry Shares to accounts established for the employees.

(5) To record the issuance at par of one share of Class P Voting Preferred Stock, one share of Class M Voting Preferred Stock, and one share of Class S Voting Preferred Stock to the ESOP Trusts. The remaining Voting Preferred Stock will be issued when it is contributed to the Supplemental ESOP Trust. The Class P Voting Preferred Stock, the Class M Voting Preferred Stock and the Class S Voting Preferred Stock, which are referred to collectively as the Voting Preferred Stock, represent and permit, in connection with the establishment of the ESOPs, the exercise of voting power representing 55% (which under certain circumstances may be increased to up to 63%) of the voting power of the Company. See "DESCRIPTION OF SECURITIES-The Voting Preferred Stock." The ESOPs provide that upon the conversion of all the ESOP Preferred Stock into New Shares, each share of Voting Preferred Stock will be converted into one ten-thousandth of a New Share.

(6) To account for the cashless exercise of options in the event of the Recapitalization. (Amount of the entry is based on an assumed Old Share price at the Effective Time of approximately $128.31 per share.)

(7) Represents the offset to entries (2), (3), (6), (8), (9) and (11).

(8) To record the vesting of the unvested restricted stock as a result of the Recapitalization.

(9) To record 25,000 restricted shares to Mr. Greenwald that will vest at the Effective Time.

(10) Does not reflect the issuance of four shares of Class I Preferred Stock, one share of Class Pilot MEC Preferred Stock, one share of Class IAM Preferred Stock, and three shares of Class SAM Preferred Stock. These stocks have a $.01 par value and nominal economic value. The Class I Preferred Stock will be issued to the Independent Directors and will have the power to elect such directors to the Board. The Class Pilot MEC Preferred Stock will be issued to the ALPA-MEC and will have the power to elect the ALPA Director. The Class IAM Preferred Stock will be issued to the IAM or its designee and will have the power to elect the IAM Director. The Class SAM Preferred Stock will be issued to the Salaried and Management Director and to the senior executive at United who has primary responsibility for human resources and will have the power to elect the Salaried and Management Director. Such classes of stock are referred to collectively as the Director Preferred Stock. See "DESCRIPTION OF SECURITIES-The Director Preferred Stock." Upon the occurrence of an Uninstructed Trustee Action (as defined below), the Class Pilot MEC Preferred Stock will succeed to the voting power previously held by the Class P Voting Preferred Stock, the Class IAM Preferred Stock will succeed to the voting power previously held by the Class M Voting Preferred Stock and the Class SAM Preferred Stock will succeed to the voting power previously held by the Class S Voting Preferred Stock. See "DESCRIPTION OF SECURITIES-The Director Preferred Stock-Uninstructed Trustee Actions."

(11) To reverse $19 million of transaction fees and expenses recorded during the first quarter of 1994 because these expenses are included in entry (2).

(12) The number of New Shares issued on a pro forma basis is based on Fully Diluted Old Shares assuming the Convertible Company Securities do not convert. See "THE PLAN OF RECAPITALIZATION-Terms and Conditions-General."

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

United Air Lines, Inc. and Subsidiary Companies

The following unaudited Pro Forma Condensed Statements of Consolidated Operations for the year ended December 31, 1993 and the three months ended March 31, 1994, and the unaudited Pro Forma Condensed Statement of Consolidated Financial Position as of March 31, 1994 for United and its subsidiaries have been prepared to reflect the impact of the Recapitalization on United, including: (i) the recognition of unearned ESOP Preferred Stock and related ESOP capital as a result of the issuance of the first tranche of UAL Class 1 ESOP Preferred Stock, (ii) the offering of Debentures and distribution of proceeds to UAL, (iii) the recognition of the employee stock ownership plan accounting charge, (iv) the reduction in salaries and related cost for the anticipated impact of the wage and benefit reductions and certain work rule changes, (v) the recognition of the anticipated benefits of the agreement to sell the U.S. flight kitchens and (vi) the intercompany loan to UAL. The unaudited Pro Forma Condensed Statements of Consolidated Operations were prepared as if the Recapitalization had occurred on January 1, 1993. The unaudited Pro Forma Condensed Statement of Consolidated Financial Position was prepared as if the Recapitalization occurred on March 31, 1994.

The pro forma statements assume the Recapitalization is not accounted for as an acquisition or merger and, accordingly, United's assets and liabilities have not been revalued. The distribution to UAL of proceeds from the United Debt Offerings of Debentures is charged to additional capital invested.

The ESOPs are being accounted for in accordance with the American Institute of Certified Public Accountants Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" ("SOP"). For the Leveraged ESOP, the Company will issue Class 1 ESOP Preferred Stock through seven ESOP Tranches, at the Effective Time, approximately thirteen months following the Effective Time, annually thereafter for four years and on January 1, 2000. As the Shares are issued to the Leveraged ESOP, United will report the issuance of shares as a credit to ESOP capital based on the fair value of the stock when such issuance occurs and report a corresponding charge to unearned ESOP Preferred Stock. As shares of Class 1 ESOP Preferred Stock are earned or committed to be released, compensation expense will be recognized equal to the average fair value of the shares committed to be released with a corresponding credit to unearned ESOP Preferred Stock. Any differences between the fair value of the shares committed to be released and the cost of the shares to the ESOP will be charged or credited to ESOP capital. For the Non-Leveraged Qualified ESOP, the shares of Class 2 ESOP Preferred Stock will be recorded as the shares are committed to be contributed to the ESOP, with the offsetting entry to compensation expense. Compensation expense will be recorded based on the fair value of the shares committed to be contributed to the ESOP, in accordance with the SOP. The pro forma financial statements assume that the Supplemental ESOP is accounted for the same as the Non-Leveraged Qualified ESOP (i.e., pursuant to the SOP). It is possible that, because the Supplemental ESOP is a non-qualified plan, the Company may account for it under Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees," instead. The Company would not expect this to result in a material difference. The unearned ESOP Preferred Stock, ESOP capital and employee stock ownership accounting charge will be recorded on United's books since participants in the ESOP are employees of United.

The unaudited Pro Forma Condensed Statements of Consolidated Operations include the recurring charges and credits which are directly attributable to the Recapitalization, such as the interest expense arising from the Debentures, the effects of the wage and benefit reductions and certain work-rule changes resulting from the employee investment, and the employee stock ownership plan accounting charge. No adjustments have been made to the pro forma revenues and expenses to reflect the results of structural changes in operations, such as U2, that might have been made had the changes been consummated on the assumed effective dates for presenting pro forma results.

The pro forma adjustments are based upon available information and upon certain assumptions that United believes are reasonable. In addition, this information should be read in conjunction with United's Annual Report on Form 10-K for the year ended December 31, 1993, and United's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994, as amended, and which include United's Consolidated Financial Statements, the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and United's Current Report on Form 8-K dated May 3, 1994.

United Air Lines, Inc. and Subsidiary Companies
Pro Forma Condensed Statement of Consolidated Operations

Year Ended December 31, 1993
(In millions)

	Historical	Adjustments	Pro Forma
Operating revenues	$13,168(8)	$(28)(1)	$13,140
Operating expenses:			
Salaries and related costs	4,695	(428)(2)(3) (191)(1)	4,076
Employee stock ownership plan accounting charge		369 (4)	369
Other	8,178(8)	131 (1)	8,309
	12,873	(119)	12,754
Earnings from operations	295	91	386
Other income (expense):			
Interest, net	(221)	(96)(5)	(317)
Other, net	(100)		(100)
	(321)	(96)	(417)
Loss from continuing operations before income taxes	(26)	(5)	(31)
Provision (credit) for income taxes	(9)	(2)(6)	(11)
Loss from continuing operations	$(17)	$(3)(7)	$(20)

See accompanying notes to Pro Forma Condensed Statement of Consolidated Operations.

United Air Lines, Inc. and Subsidiary Companies

Notes to Pro Forma Condensed
Statement of Consolidated Operations

For the Year Ended December 31, 1993

(1) United entered into an agreement to sell its U.S. flight kitchens over a period of months beginning in December 1993 through June 1994, and an agreement to acquire catering services for a seven year period. This adjustment eliminates $28 million of sales revenues and $191 million of compensation costs recorded in 1993 relating to the U.S. flight kitchens that were sold, and adds estimated incremental catering costs of $131 million.

(2) To adjust compensation expense for the pro forma effect of wage and benefit reductions and certain work-rule changes resulting from the employee investment that provide for wage and other compensation savings during the approximately six year period beginning at the Effective Time. The pro forma adjustment represents the estimated savings in the 12 months assuming that such savings had commenced at the beginning of the period. The pro forma adjustment does not include any savings related to U2.

(3) The following reconciles the labor cost savings included in the Pro Forma Condensed Statement of Consolidated Operations to the value of the employee investments included in the Company Analysis of employee investments for 1994 (see "SPECIAL FACTORS-Certain Company Analyses"):

	(millions)
Pro Forma adjustment based on 1993 salaries	$428
Estimated compensation savings based on 1994 salaries	68
Estimated benefits of U2 during the first year	64
Estimated additional severance for flight kitchen employees during the first year	(36)
Estimated 1994 investments	$524
Estimated six months of investments included in 1994 analysis	$262

(4) To record non-cash compensation for shares of ESOP Preferred Stock committed to be released to employees during the period based on the average fair value of such ESOP Preferred Stock. The average fair value of the ESOP Preferred Stock is based on two components: (1) the average fair value of the New Shares into which the ESOP Preferred Stock is convertible plus (2) a premium attributable to the dividend paying feature of the ESOP Preferred Stock. For purposes of the pro forma adjustment, the average fair value of the ESOP Preferred Stock was assumed to be the initial assumed

purchase price of $120. In future years, it is anticipated that the ESOP Preferred Stock price, for purposes of computing the employee stock ownership plan accounting charge, will be determined by an independent appraiser who will value both components. Additionally, in future years, the shares committed to be released that are used to satisfy the dividends payable on previously allocated shares will be charged to retained earnings rather than compensation expense.

The shares of the ESOP Preferred Stock committed to be released are a fraction of the original ESOP Preferred Stock shares. It is anticipated the shares will be released in a level fashion over the 69 months of the ESOP taking into account the partial period in 1994 and 2000. This would result in approximately 3.07 million ESOP Preferred Stock shares committed to be released in each full calendar year. Shares released in a partial year would be pro rated.

Since future expense is dependent on the fair market value of the ESOP Preferred Stock, such expense is difficult to forecast and may vary significantly from the value in the pro forma adjustment. Changes in the price of a New Share directly affect the determination of the value of an ESOP Preferred Stock share. In addition, if the average value of a New Share exceeds $136 during the first 12 months after the Effective Time, additional shares of ESOP Preferred Stock will be issued to the Qualified ESOP or reserved for issuance to the Supplemental ESOP to increase the ESOP's ownership from approximately 55% up to a maximum of approximately 63%. Future expense is also affected by the premium associated with the dividend paying feature which shrinks over time as the dividend paying period is reduced.

Following is a summary of the impact to the employee stock ownership plan accounting charge of a range of fair market values:

Average ESOP Preferred Stock Fair Value	ESOP Accounting Charge* (millions)
$110	$338
120	369
130	400
140	430

*Assumes 3.07 million shares committed to be released in the pro forma period and no shares used to satisfy dividends payable since shares are not allocated to participants until December 31. In later years shares will be used to satisfy dividends on allocated shares, which will reduce the ESOP accounting charge.

The following illustrates the impact to the ESOP accounting charge if the average value of the New Shares in the first 12 months exceeds $136 per share.

Average New Share Price	Average ESOP Preferred Stock Fair Value*	Additional Shares to be Issued**	Shares to be Released for First Year***	Increase in ESOP Accounting Charge**** (millions)
$136	$168	0	0	$ 0
140	172	2,260,410	393,115	68
150	182	6,949,234	1,208,562	220

*Assumes a dividend premium of $32 per share.

**To achieve the maximum increase in ownership, the price of a New Share must average at least $149.10 during the first 12 months after the Effective Time. If the average price of a New Share is less than or equal to $136, no additional shares of ESOP Preferred Stock will be issued.

***The additional shares will be released in a level fashion over the 69 months of the ESOP.

****Represents the first year increase; subsequent increases are dependent on changes in the fair value of ESOP Preferred Stock.

(5) To record interest expense of $81 million on the Debentures and to record amortization of the underwriting discount. The pro forma adjustment also includes approximately $15 million of foregone interest income due to the reduction in United's average investment balance resulting from the transaction. The pro forma calculations assume the United Debt Offerings are consummated and are based on an interest rate on the Series A Debentures of 10.67% and on the Series B Debentures of 11.21%. If the United Debt Offerings are not consummated, the interest rates are subject to the stated maximums under the Recapitalization of 10.125% for the Series A Debentures and 10.825% for the Series B Debentures. This will not impact the pro forma interest expense because even though the interest rate on the series of Debentures exceeds the stated maximum, the principal amount of the series of Debentures was reduced so that the yield to maturity will not exceed the yield to maturity that would have resulted if the par amount of the series of Debentures (based on the stated maximum interest rate) was priced at a discount.

(6) To adjust the provision (credit) for income taxes to reflect the tax effect of changes to pretax income at the statutory rate in effect during 1993. For purposes of the pro forma adjustment, the book and tax employee stock ownership plan compensation charge are assumed to be the same.

(7) If the Recapitalization is consummated, United expects to recognize nonrecurring charges of approximately $44 million relating to additional severance benefits for employees terminated as a result of the sale of the flight kitchens, up to $49.15 million of transaction fees and expenses incurred by ALPA, the IAM and certain advisors in connection with the structuring and establishment of the ESOPs, $30 million for United's transaction fees and expenses, $17 million of compensation expense relating to vesting the unvested restricted stock as a result of the change in control, $21 million of payments and benefits to Mr. Greenwald and officers who are retiring at the Effective Time, and $13 million of compensation expense (based on an assumed Old Share price of approximately $128.31 at the Effective Time) relating to the vesting of unvested Options and the implementation of a feature that provides for cashless exercise of Options in the event of the Recapitalization. (The existing Option holders are only entitled to utilize the cashless exercise feature if the Recapitalization occurs. The pro forma financial information assumes all in-the-money Options are exercised at the Effective Time and, since the cashless exercise results in variable plan accounting, there is an initial nonrecurring charge for the cashless exercise feature but no ongoing impact; however, if Option holders do not exercise their Options at the Effective Time, there will be an ongoing accounting impact for the changes in the fair market value of the Recapitalization Consideration that is issuable upon exercise of such Options.) The total after-tax effect of the nonrecurring charges is $122 million. Due to the nonrecurring nature of these charges, they have been excluded from the Pro Forma Condensed Statement of Consolidated Operations.

(8) In the first quarter of 1994, United began recording certain air transportation price adjustments, which were previously recorded as commission expense, as adjustments to revenue. Historical operating revenue and expense amounts have been adjusted to conform with the current presentation. See United's Current Report on Form 8-K dated May 3, 1994.

United Air Lines, Inc. and Subsidiary Companies
Pro Forma Condensed Statement of Consolidated Operations

For the Three Months March 31, 1994
(In millions)

	Historical	Adjustments	Pro Forma
Operating revenues	$3,173	$ (2)(1)	$3,171
Operating expenses:			
Salaries and related costs	1,202	(111)(2)(3)	
		(27)(1)	1,064
Employee stock ownership plan accounting charge		86 (4)	86
Other	2,015	22 (1)	2,037
	3,217	(30)	3,187
Earnings (loss) from operations	(44)	28	(16)
Other income (expense):			
Interest, net	(60)	(24)(5)	(84)
Other, net	(16)	19 (6)	3
	(76)	(5)	(81)
Loss from continuing operations before income taxes	(120)	23	(97)
Provision (credit) for income taxes	(41)	9 (7)	(32)
Loss from continuing operations	$(79)	$14	$(65)

See accompanying notes to Pro Forma Condensed Statement of Consolidated Operations.

United Air Lines, Inc. and Subsidiary Companies

Notes to Pro Forma Condensed
Statement of Consolidated Operations

Three Months Ended March 31, 1994

(1) United entered into an agreement to sell its U.S. flight kitchens over a period of months beginning in December 1993 through June 1994, and an agreement to acquire catering services for a seven year period. This adjustment eliminates $2 million of sales revenues and $27 million of compensation costs recorded in the first quarter of 1994 relating to the U.S. flight kitchens that were sold, and adds estimated incremental catering costs of $22 million.

(2) To adjust compensation expense for the pro forma effect of wage and benefit reductions and certain work-rule changes resulting from the employee investment that provide for wage and other compensation savings during the approximately six year period beginning at the Effective Time. The pro forma adjustment represents the estimated savings in the first quarter of 1994 assuming that such savings had commenced at the beginning of the prior year. The pro forma adjustment does not include any savings related to U2.

(3) The following reconciles the labor cost savings included in the Pro Forma Condensed Statement of Consolidated Operations to the value of the employee investments included in the Company Analysis of employee investments for 1994 (see "SPECIAL FACTORS-Certain Company Analyses"):

	(millions)
Pro Forma adjustment	$111
Estimated compensation savings based on foregone 1994 raises	13
Estimated benefits of U2 for three months	16
Estimated additional severance for flight kitchen employees for three months	(9)
Estimated three months of investments	$131
Estimated six months of investments included in 1994 analysis	$262

(4) To record non-cash compensation for shares of ESOP Preferred Stock committed to be released to employees during the period based on the average fair value of the ESOP Preferred Stock. For purposes of the pro forma adjustment, the average fair value of the ESOP Preferred Stock was assumed to be the initial assumed purchase price of $120. The pro forma calculations assume that shares committed to be released in 1993 were allocated to participant accounts at the end of 1993. Thus, the portion of shares committed to be released in 1994 that will be used to satisfy dividend payable on allocated shares is charged to retained earnings rather than non-cash compensation expense. It is anticipated that in the first quarter of 1994, approximately 768,000 shares of ESOP Preferred Stock will be committed to be released, and that approximately 54,000 of these shares will be used for dividends.

Since future expense is dependent on the fair market value of the ESOP Preferred Stock, such expense is difficult to forecast and may vary significantly from the value in the pro forma adjustment. Changes in the price of a New Share directly affect the determination of the value of an ESOP Preferred Stock share. In addition, if the average value of a New Share exceeds $136 during the first 12 months after the Effective Time, additional shares of ESOP Preferred Stock will be issued to the Qualified ESOP or reserved for issuance to the Supplemental ESOP. Future expense is also affected by the premium associated with the dividend paying feature which shrinks over time as the dividend paying period is reduced.

Following is a summary of the impact to the employee stock ownership plan accounting charge of a range of fair market values:

Average ESOP Preferred Stock Fair Value	ESOP Accounting Charge* (millions)
$110	$ 79
120	86
130	93
140	100

- ------

* Assumes 768,000 shares committed to be released in the pro forma period and approximately 54,000 shares used for dividends which are charged to retained earnings. As additional shares are allocated in later years, the employee stock ownership plan accounting charge will be reduced.

The following illustrates the impact to the employee stock ownership plan accounting charge for the quarter if the average value of the New Shares in the first 12 months exceeds $136 per share.

Average	Average ESOP Preferred	Additional	Shares to be Released	Increase in ESOP Accounting

New Share Price	Stock Fair Value*	Shares to be Issued**	for the Quarter***	Charge**** (millions)
$136	$168	0	0	$ 0
140	172	2,260,410	98,279	16
150	182	6,949,239	302,141	51

*Assumes a dividend premium of $32.

** To achieve the maximum increase in additional shares, the price of a New Share must average at least $149.10 during the first 12 months after the Effective Time. If the average price of a New Share is less than or equal to $136, no additional shares of ESOP Preferred Stock will be issued.

*** The additional shares will be released in a level fashion over the 69 months of the ESOP.

****Represents the increase for the quarter; subsequent increases are dependent on changes in the fair value of the ESOP Preferred Stock.

(5) To record interest expense of $20 million on the Debentures and to record amortization of the underwriting discount. The pro forma adjustment also includes approximately $4 million of foregone interest income due to the reduction in United's average investment balance resulting from the transaction. The pro forma calculations assume the United Debt Offerings are consummated and are based on an interest rate on the Series A Debentures of 10.67% and on the Series B Debentures of 11.21%. If the United Debt Offerings are not consummated, the interest rates are subject to the stated maximums under the Recapitalization of 10.125% for the Series A Debentures and 10.825% for the Series B Debentures. This will not impact the pro forma interest expense because even though the interest rate on the series of Debentures exceeds the stated maximum, the principal amount of the series of Debentures was reduced so that the yield to maturity will not exceed the yield to maturity that would have resulted if the par amount of the series of Debentures (based on the stated maximum interest rate) was priced at a discount.

(6) To reverse $19 million of nonrecurring fees and expenses relating to the Recapitalization which were recorded in the first quarter of 1994.

(7) To adjust the provision (credit) for income taxes to reflect the tax effect of changes to pretax income at the statutory rate in effect during the first quarter of 1994. For purposes of the pro forma adjustment the book and tax employee stock ownership plan compensation charge are assumed to be the same.

United Air Lines, Inc. and Subsidiary Companies
Pro Forma Condensed Statement of Consolidated Financial Position

March 31, 1994
(In millions, except share data)

ASSETS	Historical	Adjustments	Pro Forma
Current assets:			
Cash and cash equivalents	$666	$(140)(1)	$
		734 (3)	
		(741)(3)	
		(300)(10)	
		8 (9)	227
Short-term investments	542		542
Other	2,241	44 (2)	2,285
	3,449	(395)	3,054
Operating property and equipment	12,211		12,211
Less: Accumulated depreciation and amortization	(5,164)		(5,164)
	7,047		7,047
Other assets:			
Other	1,700	300 (10)	2,000
	$12,196	$(95)	$12,101

LIABILITIES AND SHAREHOLDER'S EQUITY	Historical	Adjustments	Pro Forma
Current liabilities:			
Short-term borrowings, long-term debt maturing within one year and current obligations under capital leases	$466	$	$466
Other	4,473	(11)(9)	4,462

	4,939	(11)	4,928
Long-term debt	2,596	734 (3)	3,330
Long-term obligations under capital leases	774		774
Other liabilities, deferred credits and minority interest	3,317		3,317
Shareholder's equity:			
Common stock, $5 par value; 1,000 shares authorized; 200 shares outstanding	-		-
Additional capital invested	839	(741)(3) 13 (5) 4 (6)	115
Retained earnings (deficit)	(200)	(108)(7)	(308)
ESOP capital		228 (4)	228
Unearned ESOP Preferred Stock		(228)(4)	(228)
Unearned compensation	(14)	14 (8)	-
Pension liability adjustment	(53)		(53)
Unrealized loss of investments	(2)		(2)
	570	(818)	(248)
	$12,196	$(95)	$12,101

See the accompanying notes to Pro Forma Condensed
Statement of Consolidated Financial Position.

United Air Lines, Inc. and Subsidiary Companies
Notes to Pro Forma Condensed
Statement of Consolidated Financial Position

March 31, 1994

(1) To record the cash impact of the estimated fees and transaction expenses, including expenses for United, ALPA and the IAM, severance payments to terminated officers and flight kitchen employees, and payments relating to the employment agreement with Mr. Greenwald.

(2) To record the tax effects relating to nonrecurring charges recognized as a result of the transaction.

(3) To record the issuance of $370 million of principal amount of Series A Debentures and $371 million of principal amount of Series B Debentures and to record the distribution of proceeds to UAL. The pro forma adjustment assumes that the United Debt Offerings are consummated and that the interest rate is 10.67% for the Series A Debentures and 11.21% for the Series B Debentures based on the pricing of the United Debt Offerings. The Debentures are being recorded at their face amount on the assumption that they are priced to trade at par, less the underwriting discount of $7 million.

If the underwritings are not consummated, $382.5 of principal amount of Series A Debentures and $382.5 million of principal amount of Series B Debentures will be issued. The actual rates on the Debentures have been set at the applicable stated maximum rates of 10.125% for the Series A Debentures and 10.825% for the Series B Debentures. If either or both of the United Debt Offerings are not consummated and the then current market interest rate exceeds the applicable stated maximum, such Debentures will be recorded at a discount.

(4) To record the ESOP capital as a result of the initial issuance of shares of UAL's Class 1 ESOP Preferred Stock to the Leveraged ESOP for an aggregate purchase price of $228 million and to record the related charge to unearned ESOP Preferred Stock. The $228 million was determined based on (i) 1,899,059 shares of Class 1 ESOP Preferred Stock expected to be issued in the first ESOP Tranche as of the Effective Time and (ii) an assumed purchase price of $120 per share. The Company and the Unions may, prior to the Effective Time, agree to increase or decrease the number of shares of Class 1 ESOP Preferred Stock sold at the Effective Time. The agreement with the ESOP Trustee provides that the number of shares of Class 1 ESOP Preferred Stock sold at the Effective Time shall be no more than 2,088,965 and no fewer than 1,709,153 provided, however, that the number of shares sold in the first ESOP Tranche will be adjusted if the Effective Time is before or after July 1, 1994. The actual price per share for the first ESOP Tranche will be calculated as provided in the ESOP Stock Purchase Agreement. Thus, the ultimate amount recorded at the Effective Time will differ from the pro forma adjustment in order to reflect the actual number of shares issued and the purchase price calculated under the ESOP Stock Purchase Agreement.

Six additional ESOP Tranches will be issued to the Leveraged ESOP during the 69 months subsequent to the Effective Time, with the total shares of Class

1 ESOP Preferred Stock issued in the seven ESOP Tranches aggregating approximately 14,000,000 shares (subject to increase, see "THE PLAN OF RECAPITALIZATION-Establishment of ESOPs-Additional Shares"). The price for the subsequent ESOP Tranches will be as agreed between the Company and the ESOP Trustee at the time of each sale. As the subsequent ESOP Tranches are issued, the shares will be reported as a credit to additional capital invested based on the fair value of the stock when such issuances occur with a corresponding charge to "Unearned ESOP Preferred Stock."

The unearned ESOP Preferred Stock recorded in the pro forma adjustment together with the unearned ESOP Preferred Stock recorded from subsequent ESOP Tranches will be recognized as compensation expense over the approximately six year investment period as the shares are committed to be released. The difference between the compensation expense recorded, which is based on the fair value of the stock during an accounting period, and the recorded cost of the unearned ESOP Preferred Stock will be recorded to ESOP capital.

ESOP capital will also be recorded over the approximately six year investment period as the shares of UAL's Class 2 ESOP Preferred Stock are committed to be contributed to the Non-Leveraged Qualified ESOP and credited to employees pursuant to the Supplemental ESOP with the offsetting entry being to compensation expense. The number of shares of Class 2 ESOP Preferred Stock that will be issued will be equal to 17,675,345 less the number of shares of Class 1 ESOP Preferred Stock that will be sold to the Qualified ESOP.

(5) To account for the cashless exercise of options in the event of the Recapitalization. (Amount of the entry is based on an assumed Old Share price at the Effective Time of approximately $128.31 per share.)

(6) To record 25,000 restricted shares to Mr. Greenwald that will vest at the Effective Time.

(7) Represents the offset to entries (1), (2), (5), (6), (8) and (9).

(8) To record the vesting of the unvested restricted stock as a result of the Recapitalization.

(9) To reverse $19 million of transaction fees and expenses recorded during the first quarter of 1994 because these expenses are included in entry (1).

(10) To record an intercompany loan to UAL which will be used to pay a portion of the Recapitalization Consideration to holders of Old Shares.

CAPITALIZATION

UAL Corporation and Subsidiary Companies

The following table sets forth the unaudited consolidated capitalization of the Company as of March 31, 1994, as adjusted to give effect to the consummation of the Recapitalization and the Offerings, including (i) reclassification of Old Shares into New Shares and Series D Redeemable Preferred Stock, (ii) the Offerings of the Public Preferred Stock (as represented by Depositary Preferred Shares) and Debentures, (iii) redemption of the Series D Redeemable Preferred Stock for cash and proceeds from the Offerings and (iv) the issuance of the first tranche of Class 1 ESOP Preferred Stock, the Voting Preferred Stock and the Director Preferred Stock. The table should be read in conjunction with the Pro Forma Condensed Statement of Consolidated Financial Position included elsewhere in this document.

	March 31, 1994 (In Millions)	
	Historical	Pro Forma
	(Unaudited)	
Short-term borrowings, long-term debt maturing within one year and current obligations under capital leases	$486	$486
Long-term debt, excluding portion due within one year:		
Secured notes	1,388	1,388
Deferred purchase certificates	194	194
Debentures	1,000	1,741
Convertible debentures	33	33
Promissory notes	93	93
Unamortized discount on debt	(15)	(22)
	2,693	3,427
Long-term obligations under capital leases	777	777
Total long-term debt and capital lease obligations	3,470	4,204

Class 2 ESOP Preferred Stock, $.01 par value		- (a)
Shareholders' equity:		
Series A Preferred Stock, $.01 stated value	-	-
Series B Preferred Stock, $.01 stated value		-
Class 1 ESOP Preferred Stock, $.01 par value		-
Class 2 ESOP Preferred Stock, $.01 par value		-
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, $5 par value	128	-
Common stock, $.01 par value		-
Additional capital invested	963	640
Retained earnings (deficit)	142	(1,004)
Pension liability adjustment	(53)	(53)
Unearned compensation	(14)	-
Unearned ESOP Preferred Stock		(228)
Unrealized loss on investments	(2)	(2)
Common stock held in treasury	(67)	(63)
Total shareholders' equity	1,097	(710)
Total capitalization	$ 5,053	$ 3,980

- ------

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

United Air Lines, Inc. and Subsidiary Companies

The following table sets forth the unaudited consolidated capitalization of United as of March 31, 1994 and as adjusted to give effect to the consummation of the Recapitalization and the Offerings, including (i) the issuance of Debentures and (ii) the ESOP capital recorded as a result of the issuance of the first tranche of UAL's Class 1 ESOP Preferred Stock to the ESOP Trustee for the Qualified ESOP and the related charge for unearned ESOP Preferred Stock. The table should be read in conjunction with the Pro Forma Condensed Statement of Consolidated Financial Position included elsewhere in this document.

	March 31, 1994 (In Millions)	
	Historical	Pro Forma
	(Unaudited)	
Short-term borrowings, long-term debt maturing within one year and current obligations under capital leases	$466	$466
Long-term debt, excluding portion due within one year:		
Secured notes	$1,388	$1,388
Deferred purchase certificates	194	194
Debentures	1,000	1,741
Promissory notes	29	29
Unamortized discount on debt	(15)	(22)
	2,596	3,330
Long-term obligations under capital leases	774	774
Total long-term debt and capital lease obligations	3,370	4,104
Shareholder's equity:		
Common stock, $5 par value	-	-
Additional capital invested	839	115
Retained earnings (deficit)	(200)	(308)
ESOP capital		228
Unearned ESOP shares		(228)
Pension liability adjustment	(53)	(53)
Unearned compensation	(14)	-
Unrealized loss on investments	(2)	(2)
Total shareholder's equity	570	(248)
Total capitalization	$4,406	$4,322

EXHIBIT INDEX

Exhibit 1 Second Amendment to the Plan of Recapitalization.

Exhibit 2 Opinion of CS First Boston Corporation dated July 1, 1994.

Exhibit 3 Opinion of Lazard Freres & Co. dated July 1, 1994.

Exhibit 1

SECOND AMENDMENT TO THE AGREEMENT
AND PLAN OF RECAPITALIZATION

Second Amendment (this "Amendment"), dated as of June 29, 1994, to the Agreement and Plan of Recapitalization (as amended, the "Plan of Recapitalization"), dated as of March 25, 1994, by and among UAL Corporation, a Delaware corporation (the "Company"), Air Line Pilots Association, International, pursuant to its authority as the collective bargaining representative for the crafts or class of pilots employed by United Air Lines, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("United"), and the International Association of Machinists and Aerospace Workers, pursuant to its authority as the collective bargaining representative for the crafts or classes of mechanics and related employees, ramp and stores employees, food service employees, dispatchers and security officers employed by United, as amended by the First Amendment to the Plan of Recapitalization, dated as of June 2, 1994.

W I T N E S S E T H

WHEREAS, the parties hereto desire to amend the Plan of Recapitalization and certain Schedules thereto; and

WHEREAS, Section 10.3(a) of the Plan of Recapitalization permits amendments to the Plan of Recapitalization and the Schedules thereto by written instrument signed by all parties;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. Section 1.3 of the Plan of Recapitalization is hereby amended and restated in its entirety in the form attached to this Amendment as Exhibit A.

2. Section 1.5(b) of the Plan of Recapitalization is hereby amended and restated in its entirety in the form attached to this Amendment as Exhibit B.

3. Section 1.11 of the Plan of Recapitalization is hereby amended and restated in its entirety in the form attached to this Amendment as Exhibit C.

4. Article FOURTH, Part I.D, Section 2.5 of the Restated Certificate is hereby amended and restated in its entirety in the form attached to this Amendment as Exhibit D.

Miscellaneous

A. Definitions. Capitalized terms used in this Amendment and not defined herein shall have the meanings ascribed to them in the Plan of Recapitalization or the Schedules or other attachments thereto.

B. Entire Plan of Recapitalization; Restatement. The Plan of Recapitalization, as amended by this Amendment, is the entire agreement of the parties with respect to the subject matter hereof and the parties hereto hereby agree that the Plan of Recapitalization and all Schedules thereto may be restated to reflect all amendments provided for in this Amendment.

C. Governing Law. This Amendment shall be deemed to be made in and in all respects shall be interpreted, governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of laws principles thereof.

D. Counterparts. This Amendment may be executed in counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument.

Second Amendment to the Agreement
and Plan of Recapitalization

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized on the date first above written.

UAL Corporation

/s/ Stephen M. Wolf

By:
Name: Stephen M. Wolf

Title: Chairman and Chief Executive Officer

Air Line Pilots Association, International

/s/ Roger D. Hall
By:
Name: Roger D. Hall
Title: Chairman, UAL-MEC

International Association of Machinists
and Aerospace Workers

/s/ Ken Thiede
By:
Name: Ken Thiede
Title: President and General Chairman,
District Lodge 141

EXHIBIT INDEX

Exhibit A-Section 1.3 of the Plan of Recapitalization

Exhibit B-Section 1.5(b) of the Plan of Recapitalization

Exhibit C-Section 1.11 of the Plan of Recapitalization

Exhibit D-Article FOURTH, Part I.D, Section 2.5 of the Restated Certificate

EXHIBIT A

Section 1.3 Redemption. Following the Effective Time, all outstanding shares of Redeemable Preferred Stock shall, to the extent of funds legally available therefor and subject to the provisions of the Restated Certificate, be redeemed immediately after issuance according to the terms thereof (the "Redemption"). Pursuant to the Redemption, the holders of Redeemable Preferred Stock, if any, shall be entitled to receive, in respect of each one one-thousandth of a share of Redeemable Preferred Stock, subject to the terms thereof and Section 1.5(f):

(i) 25.80 in cash;

(ii) either (a) if the Underwriting Alternative with respect to depositary shares (the "Depositary Shares") representing interests in Series B Preferred Stock of the Company, without par value (the "Public Preferred Stock"), is not consummated, both (I) an additional cash payment equal to $12.20, plus (II) Depositary Shares representing interests in a liquidation preference of Public Preferred Stock equal to the excess of (xx) $31.10 over (yy) the product of $12.20 and a fraction (but in no event less than one) the numerator of which is the Applicable Rate with respect to the Depositary Shares assuming that the Underwriting Alternative with respect to the Depositary Shares is consummated, and the denominator of which is 11.375%, or (b) if the Underwriting Alternative with respect to the Depositary Shares is consummated, a cash payment equal to the Depositary Share Proceeds Amount (as defined in Section 1.11 below);

(iii) either (a) $15.55 principal amount of Series A Senior Unsecured Debentures due 2004 of United issued as provided below (the "Series A Debentures") or (b) if the Underwriting Alternative with respect to the Series A Debentures is consummated, a cash payment equal to the Series A Debenture Proceeds Amount (as defined in Section 1.11 below); and

(iv) either (a) $15.55 principal amount of Series B Senior Unsecured Debentures due 2014 of United issued as provided below (the "Series B Debentures" and, together with the Series A Debentures, collectively, the "Debentures") or (b) if the Underwriting Alternative with respect to the Series B Debentures is consummated, a cash payment equal to the Series B Debenture Proceeds Amount (as defined in Section 1.11 below).

The Depositary Shares shall be issued pursuant to a Deposit Agreement substantially in the form set forth on Schedule 1.3(a) (the "Deposit Agreement"). The Depositary Shares shall be issued only in denominations of $25.00 of liquidation preference and integral multiples thereof. The Public Preferred Stock shall have the rights, powers and privileges described in the Restated Certificate, which shall include a per share liquidation preference of $25,000. The Debentures shall be issued pursuant to the Indenture, dated as of July 1, 1991, between United and the Bank of New York, and the Officers' Certificate (the "Officers' Certificate") in form and substance as set forth on Schedule 1.3(b) (collectively, the "Indenture"). Such Indenture shall be qualified under the Trust Indenture Act of 1939, and the rules and regulations promulgated thereunder (the "TIA"). The Debentures shall be issued only in denominations of $100 and integral multiples thereof or, if the Underwriting Alternative with respect to either series of Debentures is consummated at or prior to the Effective Time and the Company so elects, denominations of $1,000 and integral multiple thereof, in which case conforming changes shall be made to this Agreement and the attachments hereto to take into account such greater denominations with respect to such series.

EXHIBIT B

[Section 1.5 Surrender and Exchange.]

(b) Each holder of Old Shares that have been converted into New Shares and Redeemable Preferred Stock, upon surrender to the Exchange Agent of an Old Certificate or Certificates, together with a properly completed letter of transmittal covering such Old Shares, will be entitled to receive in respect of such Old Shares, subject to Section 1.5(f):

(i) a certificate or certificates representing 0.5 of a New Share for each Old Share formerly represented by such Old Certificate or Certificates in accordance with Section 1.2;

(ii) either (a) if the Underwriting Alternative with respect to Depositary Shares representing interests in the Public Preferred Stock is not consummated, for each Old Share formerly represented by such Old Certificate or Certificates in respect of the Redemption, both (I) a cash payment equal to $12.20, plus (II) a depositary receipt or receipts representing Depositary Shares representing interests in a liquidation preference of Public Preferred Stock equal to the excess of (xx) $31.10 over (yy) the product of $12.20 and a fraction (but in no event less than one) the numerator of which is the Applicable Rate with respect to the Depositary Shares assuming that the Underwriting Alternative with respect to the Depositary Shares is consummated, and the denominator of which is 11.375%, or (b) if the Underwriting Alternative with respect to the Depositary Shares is consummated, a cash payment equal to the Depositary Share Proceeds Amount in respect of the Redemption;

(iii) either (a) $15.55 principal amount of Series A Debentures for each Old Share formerly represented by such Old Certificate or Certificates in respect of the Redemption or (b) if the Underwriting Alternative with respect to the Series A Debentures is consummated, a cash payment equal to the Series A Debenture Proceeds Amount in respect of the Redemption;

(iv) either (a) $15.55 principal amount of Series B Debentures for each Old Share formerly represented by such Old Certificate or Certificates in respect of the Redemption or (b) if the Underwriting Alternative with respect to the Series B Debentures is consummated, a cash payment equal to the Series B Debenture Proceeds Amount in respect of the Redemption; and

(v) a cash payment of $25.80 for each Old Share formerly represented by such Old Certificate or Certificates in respect of the Redemption (the cash and/or securities distributed pursuant to clauses (i) through (v), collectively, the "Recapitalization Consideration").

Until so surrendered, each Old Certificate or Certificates formerly representing Old Shares shall, after the Effective Time, represent for all purposes only the right to receive such Recapitalization Consideration.

EXHIBIT C

Section 1.11 Underwriting Alternative

The Company has elected to pursue the underwriting of (a) a number of Depositary Shares calculated as provided in the next sentence, (b) $382.5 million principal amount of Series A Debentures, subject to reduction as described below, and (c) $382.5 principal amount of Series B Debentures, subject to reduction as described below (referred to collectively herein as the "Underwriting Alternative"), and the consummation of the underwritings with respect to the Depositary Shares and the Debentures shall be in lieu of issuing Depositary Shares and Debentures to holders of Old Shares pursuant to Section 1.5 hereof, to holders of Options pursuant to Section 1.7 hereof and to holders of Convertible Company Securities pursuant to Section 1.8 hereof. The number of Depositary Shares that shall be subject to the Underwriting Alternative (which may be rounded up to produce an aggregate amount of Depositary Shares that is consistent with customary aggregate underwriting denominations) shall equal one twenty-fifth of the excess of (I) the product of $765 million and a fraction (such fraction, which shall in no event be greater than one, is referred to herein as the "Liquidation Preference Fraction"), the numerator of which is 11.375%, and the denominator of which is the Applicable Rate with respect to the Depositary Shares assuming that the Underwriting Alternative with respect to the Depositary Shares is consummated, over (II) $300 million. The Company shall use its best efforts to accomplish such underwritings, including entering into a firm commitment underwriting agreement or agreements, provided, however, that the Company may elect to terminate the Underwriting Alternative at any time prior to the Effective Time. The Unions will cooperate and use their respective best efforts to facilitate the underwritings. The Underwriting Alternative will be effected in accordance with customary underwriting agreements which may reflect that, if the Company is advised by the managing underwriter or managing underwriters that the Series A Debentures or Series B

Debentures would be priced in excess of the maximum price applicable to such security (so that such security, if priced at the applicable Maximum Pricing, could only be sold at less than par), and is further advised that consistent with industry practice the Underwriting Alternative will be facilitated by the sale of such securities at or closer to par, the Company may reduce the amount of such securities to be sold and increase the interest rate above the applicable Maximum Pricing so that such securities may be sold at or closer to par, provided that (1) the yield to maturity of the reduced par amount of Debentures will not exceed the yield to maturity that would result if the unreduced par amount of such Debentures were priced at a discount to par using the Maximum Pricing for the respective Debenture and (2) the proceeds from the issuance of the reduced par amount of Debentures will equal the proceeds that would result if the unreduced par amount of such Debentures were priced at a discount to par using the Maximum Pricing for the respective Debenture. If the Underwriting Alternative is consummated, the amount of cash payable in respect of each Old Share shall equal the sum of (i) $25.80 per share, (ii) the sum of $12.20 and the gross proceeds (price to the public without deducting any underwriting discount or other cost) received by the Company from the sale of the "Underwriting Liquidation Preference" of Public Preferred Stock as represented by Depositary Shares in the Underwriting Alternative (collectively, the "Depositary Share Proceeds Amount"), (iii) the gross proceeds (price to the public without deducting any underwriting discount or other costs) received by United from the sale of each $15.55 principal amount of Series A Debentures in the Underwriting Alternative (subject to adjustment as described in the immediately preceding sentence, the "Series A Debenture Proceeds Amount") and (iv) the gross proceeds (price to the public without deducting any underwriting discount or other costs) received by United from the sale of each $15.55 principal amount of Series B Debentures in the Underwriting Alternative (subject to adjustment as described in the immediately preceding sentence, the "Series B Debenture Proceeds Amount"). The "Underwriting Liquidation Preference" shall equal the excess of (I) the product of $31.10 and the Liquidation Preference Fraction over (III) $12.20.

EXHIBIT D

[D. DESIGNATION, PREFERENCES AND RIGHTS OF
SERIES D REDEEMABLE PREFERRED STOCK]

2.5 "Redemption Consideration" shall mean (subject to Section 6 hereof) (i) $25.80 in cash, (ii) $15.55 principal amount of Series A Debentures,* (iii) $15.55 principal amount of Series B Debentures** and (iv) an additional $12.20 in cash and Depositary Shares representing interests in $ *** in liquidation preference of shares of Series B Preferred Stock, which Preferred Stock shall be issued in the name of the Depositary pursuant to the Deposit Agreement and against which the Depositary shall issue Depositary Shares to the holder of the fraction of a share of the Series D Preferred Stock being redeemed, as provided in the Deposit Agreement,**** such Redemption Consideration to be distributed by the Corporation in respect of each 1/1,000th of a share of Series D Preferred Stock to the holder thereof upon the redemption of such fraction of a share as provided in Section 6 hereof and as adjusted as provided in Section 6 hereof.

- ------

* If the Underwriting Alternative with respect to the Series A Debentures is consummated, delete clause (ii), increase the cash payment in clause (i) by the Series A Debenture Proceeds Amount and revise definitions as appropriate.

** If the Underwriting Alternative with respect to the Series B Debentures is consummated, delete clause (iii), increase the cash payment in clause (i) by the Series B Debenture Proceeds Amount and revise definitions as appropriate.

*** Amount to be calculated in accordance with Plan of Recapitalization.

**** If the Underwriting Alternative with respect to the Depositary Shares is consummated, delete clause (iv), increase the cash payment in clause (i) by the Depositary Share Proceeds Amount and revise definitions as appropriate.

EXHIBIT 2

[logo of CS First Boston]

CS First Boston Corporation
55 East 52nd Street
New York, NY 10055-0186
Telephone 212 909 2000

July 1, 1994

Board of Directors
UAL Corporation
1200 East Algonquin Road

Elk Grove Township, IL 60007

Gentlemen and Madam:

You have requested our opinion as to the fairness, from a financial point of view, to the holders (the "Common Stockholders") of shares of common stock, par value $5.00 per share ("Old Shares"), of UAL Corporation, a Delaware corporation ("UAL"), of the consideration to be received by such Common Stockholders in connection with the proposed recapitalization of UAL (the "Transaction"), as set forth in, and pursuant to the terms of, the Agreement and Plan of Recapitalization dated as of March 25, 1994, as amended and restated (the "Recapitalization Agreement"), among UAL and the Airline Pilots Association, International, and the International Association of Machinists and Aerospace Workers (together with other participating employees, the "Participating Employees").

We understand that the Transaction, as more specifically set forth in the Recapitalization Agreement, provides that, in exchange for certain labor concessions by the Participating Employees, UAL will issue common stock to certain employee trusts/ESOPs equal to a minimum of 55% and a maximum of 63% of the common stock of UAL. We also understand that in the Transaction the current Common Stockholders of UAL will receive, for each Old Share held, one-half of a new share of common stock, par value $.01 per share, of UAL (representing an equity interest immediately after the Transaction is completed of approximately 45% of one Old Share's current percentage equity interest in UAL, subject to possible reduction) and $84.81 in cash. A portion of the cash consideration to be received by Common Stockholders of UAL will represent the gross proceeds of a public offering by United Air Lines, Inc. of its Series A Debentures due 2004 and its Series B Debentures due 2014 and the gross proceeds of a public offering by UAL of Depositary Preferred Shares representing shares of its Series B Preferred Stock, without par value.

In arriving at our opinion, we have reviewed and analyzed the Recapitalization Agreement, as well as certain publicly available business and financial information relating to UAL. We have also reviewed certain other information, including financial forecasts provided to us by UAL. We have met with UAL's management to discuss the past and current operations and financial condition and prospects of UAL. We have also considered certain financial and stock market data for UAL and we have compared that data with similar data for other publicly held companies in businesses similar to those of UAL, and we have considered the financial terms of certain other business combinations that have

[logo of CS First Boston]

recently been effected. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that we deemed relevant. In addition, we have reviewed the alternative of not effecting a reorganization or similar transaction and UAL implementing various operating strategies considered by it which, if fully implemented, might result in a greater value to Common Stockholders than the Transaction; however, we understand and have assumed for purposes of this opinion that the Board of Directors of UAL has determined, in light of various factors relating to the implementation of such operating strategies and the availability of the Transaction, not to pursue such implementation.

In connection with our review, we have not independently verified any of the foregoing information and have relied on its being complete and accurate in all material respects. With respect to the financial forecasts, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of UAL's management as to the future financial performance of UAL. We express no view as to such forecasts or the assumptions on which they are based. We have not made an independent evaluation or appraisal of the assets or liabilities of UAL, nor have we been furnished with any such appraisals. We were not requested to, and did not, solicit third party offers to acquire all or any part of UAL, nor, to our knowledge, has any interest in making such an offer been presented by any third party, including in response to the public disclosure regarding discussions between UAL and the Participating Employees. We have assumed that the results expected by UAL's management to be obtained from the Transaction, including those arising from the Participating Employees' labor concessions, will be realized. Our opinion is necessarily based solely upon information available to us and business, market, economic and other conditions as they exist on, and can be evaluated as of, the date hereof. Our opinion does not address UAL's underlying business to effect the Transaction.

We have acted as financial advisor to UAL in connection with the Transaction and will receive a fee for our services, a significant portion of which is contingent upon the consummation of the Transaction. We will also receive a fee for rendering this opinion and other additional services currently being rendered to UAL. In the ordinary course of our business, we actively trade the debt and equity securities of UAL for our own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

It is understood that this opinion is only for the information of the Board of

Directors of UAL. However, this opinion may be included in its entirety in any proxy statement from UAL to its Common Stockholders. This opinion may not, however, be summarized, excerpted from or otherwise publicly referred to without our prior written consent, which will not unreasonably be withheld. In addition, we may not be otherwise publicly referred to without our prior consent, which will not unreasonably be withheld.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the consideration to be received by the Common Stockholders of UAL in the Transaction, taken as a whole, is fair to such Common Stockholders from a financial point of view.

Very truly yours,

CS FIRST BOSTON CORPORATION

[logo of CS First Boston]

By: [authorized signature]

EXHIBIT 3

[logo of Lazard Freres & Co.]
One Rockefeller Plaza
New York, N.Y. 10020

Telephone (212) 632-6000
Facsimile (212) 632-6060

New York

July 1, 1994

Board of Directors
UAL Corporation
1200 East Algonquin Road
Elk Grove Township, IL 60007

Gentlemen and Madam:

You have requested our opinion as to the fairness, from a financial point of view, to the holders (the "Common Stockholders") of shares of common stock, par value $5.00 per share ("Old Shares"), of UAL Corporation, a Delaware corporation ("UAL"), of the consideration to be received by such Common Stockholders in connection with the proposed recapitalization of UAL (the "Transaction"), as set forth in, and pursuant to the terms of, the Agreement and Plan of Recapitalization dated as of March 25, 1994, as amended and restated (the "Recapitalization Agreement"), among UAL and the Airline Pilots Association, International, and the International Association of Machinists and Aerospace Workers (together with other participating employees, the "Participating Employees").

We understand that the Transaction, as more specifically set forth in the Recapitalization Agreement, provides that, in exchange for certain labor concessions by the Participating Employees, UAL will issue common stock to certain employee trusts/ESOPs equal to a minimum of 55% and a maximum of 63% of the common stock of UAL. We also understand that in the Transaction the current Common Stockholders of UAL will receive, for each Old Share held, one-half of a new share of common stock, par value $.01 per share, of UAL (representing an equity interest immediately after the Transaction is completed of approximately 45% of one Old Share's current percentage equity interest in UAL, subject to possible reduction) and $84.81 in cash. A portion of the cash consideration to be received by Common Stockholders of UAL will represent the gross proceeds of a public offering by United Air Lines, Inc. of its Series A Debentures due 2004 and its Series B Debentures due 2014 and the gross proceeds of a public offering by UAL of Depositary Preferred Shares representing shares of its Series B Preferred Stock, without par value.

In arriving at our opinion, we have reviewed and analyzed the Recapitalization Agreement, as well as certain publicly available business and financial information relating to UAL. We have also reviewed certain other information, including financial forecasts provided to us by UAL. We have met with UAL's management to discuss the past and current operations and financial condition and prospects of UAL. We have also considered certain financial and stock market data for UAL and we have compared that data with similar data for other publicly held companies in businesses similar to those of UAL, and we have considered the financial terms of certain other business combinations that have recently been effected. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that we deemed relevant. In addition, we have reviewed the alternative of not effecting a reorganization or similar transaction and UAL implementing various operating strategies considered by it which, if fully implemented, might result in a greater value to Common Stockholders than the Transaction; however, we understand and have assumed for purposes of this opinion that the Board of Directors of UAL has determined, in light of various factors relating to the implementation of such operating strategies and the availability of the Transaction, not to pursue such implementation.

In connection with our review, we have not independently verified any of the foregoing information and have relied on its being complete and accurate in all material respects. With respect to the financial forecasts, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of UAL's management as to the future financial performance of UAL. We express no view as to such forecasts or the assumptions on which they are based. We have not made an independent evaluation or appraisal of the assets or liabilities of UAL, nor have we been furnished with any such appraisals. We were not requested to, and did not, solicit third party offers to acquire all or any part of UAL, nor, to our knowledge, has any interest in making such an offer been presented by any third party, including in response to the public disclosure regarding discussions between UAL and Participating Employees. We have assumed that the results expected by UAL's management to be obtained from the Transaction, including those arising from the Participating Employees' labor concessions, will be realized. Our opinion is necessarily based solely upon information available to us, and business, market, economic and other conditions as they exist on, and can be evaluated as of, the date hereof. Our opinion does not address UAL's underlying business decision to effect the Transaction.

We have acted as financial advisor to UAL in connection with the Transaction and will receive a fee for our services, a significant portion of which is contingent upon the consummation of the Transaction. A portion of this fee relates to the rendering of this opinion.

It is understood that this opinion is only for the information of the Board of Directors of UAL. However, this opinion may be included in its entirety in any proxy statement from UAL to its Common Stockholders. This opinion may not, however, be summarized, excerpted from or otherwise publicly referred to without our prior written consent, which will not unreasonably be withheld. In addition, we may not be otherwise publicly referred to without our prior consent, which will not be unreasonably withheld.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the consideration to be received by the Common Stockholders of UAL in the Transaction, taken as a whole, is fair to such Common Stockholders from a financial point of view.

Very truly yours,

[authorized signature]
Lazard Freres & Co.

Exhibit 99.1

[logo of American Appraisal Associates]

100 East Wisconsin Avenue
Suite 2100
P.O. Box 664
Milwaukee, Wisconsin
53201-0664

Telephone 414/271-7240

July 11, 1994

UAL Corporation
and its
Board of Directors
1200 Algonquin Road
Elk Grove Township, IL 60007

and

United Air Lines, Inc.
and its
Board of Directors
1200 Algonquin Road
Elk Grove Township, IL 60007

Ladies and Gentlemen:

This letter is furnished at the request of UAL Corporation, a Delaware corporation (the "Company"), and its principal subsidiary United Air Lines, Inc., a Delaware corporation ("United"), concerning a proposed recapitalization plan (the "Plan") for the Company and United as further described below.

We understand that the Company has entered into an Agreement and Plan of Recapitalization, dated as of March 25, 1994, by and among the Company, Air Line Pilots Association, International ("ALPA") and International Association of Machinists and Aerospace Workers ("IAM"), as amended by amendments dated June 2, 1994 and June 29, 1994 (as amended, the "Agreement"). The Agreement provides for a transaction pursuant to which employee trusts (the "ESOPs") for the benefit of ALPA, IAM and salaried/management employees of the Company, United and other subsidiaries will acquire 55% of the equity of the Company (subject to increase to up to 63% in certain circumstances) in exchange for significant pay and benefit concessions and work rule changes.

The Agreement provides that each share of the Company's common stock, par value $5 per share (the "Old Common Stock"), will be reclassified into one-half of a share of the Company's common stock, par value $.01 per share (the "New Common Stock"), and one-one thousandth of a share of Series D Redeemable Preferred Stock, par value $.01 per share (the "Redeemable Preferred Stock"). Upon issue, each one-one thousandth of a share of Redeemable Preferred Stock shall be immediately redeemed (the "Redemption") for $84.81 in cash (the "Redemption Cash"). The Company is offering for sale in a public offering 16,416,000 Depositary Shares representing shares of Series B Preferred Stock, $.01 per share, of the Company (the "Preferred Offering"). United is offering for sale in a public offering $370.2 million principal amount of 10.67% Series A Debentures due 2004 and $371 million principal amount of 11.21% Series B Debentures Due 2014 (the "Debenture Offerings" and, together with the Preferred Offering, the "Offerings"). The New Common Stock and Redemption Cash are referred to herein as the "Reclassification Consideration". The proceeds of the Debenture Offerings and a portion of the Redemption Cash shall be delivered to the Company by United prior to the Redemption by way of a dividend (the "Dividend"). The Redemption Cash will be obtained from the proceeds of the Preferred Offering, the Dividend and from other available cash resources of the Company. Immediately following the Transaction, the outstanding New Common Stock will represent, in the aggregate, 45% of the common equity interest and voting power of the Company at closing.

The proposed Plan consists of two ESOPs. There will be a leveraged ESOP ("LESOP") covering all participating employees and a supplemental ESOP ("Supplemental ESOP") covering certain participating employees. THE LESOP and the Supplemental ESOP will hold one or more series of a convertible preferred stock (collectively, "ESOP Preferred Shares") of the recapitalized Company. If and to the extent that the required stock deposits cannot be made to the LESOP because of tax limitations on deposit opportunities, the Supplemental ESOP will accept the overflow.

State Street Bank & Trust Company has been retained to act as trustee(s) of the ESOPS (the "ESOP Trustee"). The ESOP Trustee will purchase, for the LESOP, ESOP Preferred Shares from the Company. The ESOP Trustee will obtain funds to pay the purchase price with the proceeds of a loan (the "ESOP Purchase Loan") made by the Company, and cash contributed by the Company to the ESOP. The ESOP Purchase Loan will be in a multi-billion dollar amount, the exact figure to be determined pursuant to a formula contained in an agreement between the Company and the ESOP Trustee.

The stock targeted for the Supplemental ESOP will be contributed by the Company to the Supplemental ESOP over the wage investment period rather than by leveraged purchase at the inception of the transaction. Until contributed, the stock will be held by the Company in treasury or, under certain circumstances, contributed to a nonqualified trust.

The employee groups have agreed to make wage investments over the wage investment period as a condition to the ESOP's acquisition of its share of the Company's equity. The ESOP Preferred Shares initially acquired by the ESOP will be allocated to ESOP participants' accounts as the ESOP pays down the ESOP Purchase Loan (the ESOP's acquisition indebtedness) over that period. The joint LESOP will pay back the ESOP Purchase Loan with employer contributions made by the participating employers for this purpose and dividends received on the LESOP Preferred Shares held by the LESOP.

The Plan, the Reclassification Consideration, the Redemption, the Offerings, the Dividend, the ESOPs, the ESOP Purchase Loan, the transactions contemplated thereby, any changes in the Company's or United's assets and liabilities as a result of the Reclassification Consideration, the Redemption, the Offerings, the Dividend, the ESOPs and the ESOP Purchase Loan, and refinancing of existing indebtedness of the Company, and the payment of related fees and expenses are collectively referred to as the "Transaction".

In connection with the Transaction, you have requested that we render a written opinion prior to the issuance of the Reclassification Consideration (the "Opinion") addressed to the Company and United and their respective Boards of Directors as to whether, assuming the Transaction has been consummated as proposed, both immediately before and after, and giving effect to, the consummation of the Transaction:

(a) The fair value of the aggregate assets of the Company (on a consolidated basis) and United (on a consolidated basis) will exceed their total respective liabilities (including, without limitation, subordinated, unmatured, unliquidated and contingent liabilities);

(b) The present fair saleable value of the aggregate assets of the Company (on a consolidated basis) and United (on a consolidated basis) will be greater than the Company's and United's respective probable liabilities on their debts as such debts become absolute and matured;

(c) The Company (on a consolidated basis) and, United (on a consolidated basis) will be able to pay their respective debts and other liabilities, including contingent liabilities and other commitments, as they mature; and

(d) The capital remaining in the Company (on a consolidated basis) and in United (on a consolidated basis) will not be unreasonably small for the business in which the Company and United is engaged, as management of the Company and United has indicated such business is now conducted and as management has indicated the business is proposed to be conducted following the consummation of the Transaction, and after giving due consideration to the prevailing practices in the industry in which the Company and United will be engaged.

(e) The excess of the fair value of the total assets of the Company over the total liabilities, including contingent liabilities, of the Company, is equal to or exceeds the value of the Reclassification Consideration to stockholders plus the stated capital of the Company, i.e., the Transaction meets the Delaware Test.

(f) The excess of the fair value of the total assets of United over the total liabilities, including contingent liabilities, of United, is equal to or exceeds the value of the stated capital of United, i.e. the Transaction meets the Delaware Test.

In rendering our Opinion, we have valued the assets of the Company (on a consolidated basis) and United (on a consolidated basis), as going concerns, both immediately before and after, and giving effect to, the Transaction. The valuation included the aggregate assets of the business enterprise of each of the Company (on a consolidated basis) and United (on a consolidated basis), or total invested capital as represented by the total net working capital, tangible plant, property and equipment, and intangible assets of the respective business enterprises. We believe this is a reasonable basis to value the Company and United. Nothing has come to our attention that causes us to believe that each of the Company (on a consolidated basis) and United (on a consolidated basis), before and after the Transaction, will not be going concerns. For purposes of the Opinion, the following terms will have the meanings set forth below:

(1) "Fair value" means the amount at which the aggregate assets would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, neither being under any compulsion to act, with equity to both;

(2) "Present fair saleable value" means the amount that may be realized if the aggregate assets are sold with reasonable promptness in an arms-length transaction under present conditions in a current market for the sale of a comparable business enterprise;

(3) "Contingent liabilities" of the Company and United, as the case may be, means the estimated amount of contingent liabilities, which contingent liabilities have been identified to us by responsible officers and employees of the Company and United, their respective accountants and financial advisors, and such other experts as we deemed necessary to consult, and valued by AAA after consultation with responsible officers and employees of the Company and United and/or such industry, economic, statistical and other experts as we deemed necessary to consult (the valuation of contingent liabilities to be computed in light of all the facts and circumstances existing at the time of such valuation as the maximum amount that can reasonably be expected to become an actual or matured liability), which contingent liabilities may not meet the criteria for accrual under Statement of Financial Accounting Standards No. 5 and therefore may not be recorded as liabilities under GAAP;

(4) "Able to pay its debts as they mature" means that, assuming the Transaction has been consummated as proposed (and taking into consideration additional borrowing capacity under the Company's and United's borrowing facilities) during the period covered by the financial projections (the "Financial Projections") prepared by managements of the Company and United, the Company or United, as the case may be, will have positive cash flow after paying its scheduled anticipated indebtedness; the realization of current assets in the ordinary course of business will be sufficient to pay recurring current debt, short-term debt, long-term debt service and other contractual obligations, including contingent liabilities, as such obligations mature; and the cash flow will be sufficient to provide cash necessary to repay the Company's and United's long-term indebtedness as such debt matures; and

(5) "Will not have unreasonably small capital with which to conduct its business" means that the Company and United will not lack sufficient capital for the needs and anticipated needs for capital of the business, including contingent liabilities, as managements of the Company and United have indicated it is being conducted and as management has indicated the Company's and United's business is proposed to be conducted following the consummation of the Transaction.

(6) "The Company (on a consolidated basis)" means, as appropriate, the assets held directly by the Company, including the stock of each subsidiary of the Company,

or the liabilities which are obligations of the Company.

(7) "United (on a consolidated basis)" means, as appropriate, the assets held directly by the United, including the stock of each subsidiary of United, or the liabilities which are obligations of United.

(8) "Stated Capital" shall mean "capital" as defined in and computed in accordance with Sections 154 and 244 of the General Corporation Law of the State of Delaware, which definition is set forth herein under "Delaware Test."

(9) "Delaware Test" means that as a result of the Transactions, the capital of each of the Company and United was not then impaired or did not become impaired, as such terms are used in Section 160 of the Delaware General Corporation Law. We understand that impairment of capital means the reduction of the net assets of the Company or United, as the case may be, below the capital of such corporation, i.e. the aggregate amount represented by the aggregate par value of the outstanding shares of capital stock of the Company or United, as the case may be, plus any amounts transferred to the capital of such corporation by resolution of its board of directors.

Our opinion of fair value is subject to the following conditions:

(i) Any sale of each of the Company (on a consolidated basis) or United (on a consolidated basis), will be completed as the sale of an ongoing business entity; and

(ii) A "commercially reasonable period" of time means at least twelve months for a willing buyer and a willing seller to agree on price and terms, plus the time necessary to complete the sale of the Company (on a consolidated basis) and United (on a consolidated basis);

In connection with our Opinion of the fair value of each of the Company (on a consolidated basis) and United (on a consolidated basis), we were provided historical and projected operating results. In addition to this information, we were provided other operating data and information all of which has been accepted, without independent verification, as representing a fair statement of historical and projected results of each of the Company (on a consolidated basis) and United (on a consolidated basis) in the opinion of the management of each of the Company and United. However, in the course of our investigation, nothing has led us to believe that our acceptance and reliance on such operating data and information was unreasonable.

The determination of the fair value of each of the Company (on a consolidated basis) and United (on a consolidated basis) was based on the generally accepted valuation principles used in the market and discounted cash flow approaches, described as follows:

Market Approach - Based on current stock market prices of publicly held companies whose businesses are similar to that of the Company (on a consolidated basis) and United (on a consolidated basis) and premiums paid over market price by acquirers of total or controlling ownership in such businesses.

Discounted Cash Flow Approach - Based on the present value of each of the Company's (on a consolidated basis) and United's (on a consolidated basis) future debt-free operating cash flow as estimated by the managements of each of the Company (on a consolidated basis), and United (on a consolidated basis) and contained in the Financial Projections. The present value is determined by discounting the projected operating cash flow at a rate of return that reflects the financial and business risks of each of the Company (on a consolidated basis) and United (on a consolidated basis).

In determining the amount that would be required to pay the total probable liabilities on their respective dates of the Company's (on a consolidated basis) and United's (on a consolidated basis) liabilities become absolute and matured for purposes of opinion (a) below, we have applied valuation techniques, including present value analysis, using appropriate rates over appropriate periods to the amounts that will be required from time to time to pay such liabilities and contingent liabilities as they become absolute and matured based on their scheduled maturities.

In the course of our investigation of identified contingent liabilities, the areas brought to our attention by the managements of the Company (on a consolidated basis) and United (on a consolidated basis) included: (i) environmental matters; (ii) the adequacy of the corporate insurance program; (iii) tax audit exposure; (iv) the liability for the pension and welfare benefits program; (v) labor and collective bargaining issues; and (vi) various lawsuits and claims filed and/or pending against the Company (on a consolidated basis) and United (on a consolidated basis).

Reserves for contingent liabilities have been made in the pro forma consolidated balance sheet (the "Pro Forma Balance Sheet") prepared and furnished to us by each of the managements of the Company (on a consolidated basis) and United (on a consolidated basis), and provisions for the ongoing expenses related to these issues have been included with the projection of income and expenses presented in the Financial Projections, and are considered in our valuation study as ongoing business operating expenses. We have taken these identified contingent liabilities into account in rendering our Opinion and have concluded that such liabilities and ongoing expenses do not require any qualification of our Opinion. Our conclusion is based on: (i) our review of various acquisition transactions, including leveraged transactions and significant debt-financed recapitalization transactions, involving corporations engaged in businesses similar to those of each of the Company (on a consolidated basis) and United (on a consolidated basis); (ii) the opinion of the managements of each of the Company (on a consolidated basis) and United (on a consolidated basis) that the issues concerning various lawsuits, claims and other identified contingent liabilities do not and are not reasonably likely to have a material adverse effect on each of the consolidated financial position of the Company (on a consolidated basis) and United (on a consolidated basis) and (iii) our discussions with the managements of each of the Company (on a consolidated basis) and United (on a consolidated basis), its accountants, consultants and counsel concerning, and our investigation of the various lawsuits, claims and other contingent liabilities identified to us and the possible effect of the foregoing on each of the Company and United.

We have assumed that the total liabilities of each of the Company (on a consolidated basis) and United (on a consolidated basis) will be only those liabilities set forth in the Financial Projections and the Pro Forma Balance Sheet of each of the Company (on a consolidated basis) and United (on a consolidated basis), and the identified contingent liabilities referred to herein. In the course of our investigation, nothing came to our attention which caused us to believe such assumptions to be unreasonable. The Pro Forma Balance Sheet is the unaudited Pro Forma Condensed Balance Sheet as of March 31, 1994 each of for the Company (on a consolidated basis) and United (on a consolidated basis), adjusted to give effect to: (a) the planned financing of the Transaction; and (b) the application of the proceeds of the financing and restated by us to reflect the fair value of each of the Company (on a consolidated basis) and United (on a consolidated basis).

The Company's and United's management has represented to us, and we have relied on the managements of the Company and United's representation that no adverse changes have occurred since their preparation which would materially impact the content of the Company's and United's Pro Forma Balance Sheet and Financial Projections. Nothing has come to our attention which would lead us to believe our reliance on such representations to be unreasonable.

In connection with our Opinion, we have made such reviews, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

(i) Reviewed the Transaction documents and SEC reporting documents;

(ii) Reviewed Financial Projections and inquired of managements of the Company and United as to the foundation for any such projections and the basic assumptions made in the preparation of projections relating to the type of business, geographic markets, domestic and international economic conditions, and capital facilities and working capital requirements;

(iii) Reviewed audited and unaudited historical income statements, balance sheets and statements of sources and uses of funds of the Company and United as provided by management and its accountants;

(iv) Visited the Company's and United's headquarters and selected facilities to discuss historical and projected operating results and industry data, including the impact of future trends on the industry and the Company and United, as well as the effects of the Transaction;

(v) Reviewed internal financial analyses and other internally generated data of the Company and United including asset valuations;

(vi) Inquired of managements of the Company and United and their respective financial advisors as to estimated levels of cash and working capital required by the Company and United;

(vii) Reviewed certain publicly available economic, financial and market information as it relates to the business operations of the Company and United;

(viii) Reviewed information regarding businesses similar to the Company and United, and investigate the financial terms and post-transaction performance of recent acquisitions;

(ix) Consulted with industry, economic and statistical experts, as necessary;

(x) Discussed all of the foregoing information, where appropriate, with managements of the Company and United, and their respective employees, agents, accountants and financial advisors; and

(xi) Conducted such other studies, analyses and investigations as we deem relevant or necessary for purposes of the Opinions.

We have assumed, without independent verification, that the Pro Forma Balance Sheet and Financial Projections provided to us have been reasonably prepared and reflect the best available estimates, at the time they were prepared, of the future financial results and condition of the Company and United, and that there has been no material adverse change in the assets, financial condition, business or prospects of the Company and United since the date of the most recent financial statements made available us. Nothing has come to our attention which would lead us to believe that the foregoing assumption is unreasonable.

Although we have not independently verified the accuracy and completeness of the Financial Projections and forecasts, or any of the assumptions, estimates, or judgements referred to therein, or the basis therefor, and although no assurances can be given that such Financial Projections and forecasts can be realized or that actual results will not vary materially from those projected, nothing has come to our attention during the course of our engagement which lead us to believe that any information reviewed by us or presented to us in connection with our rendering of the Opinion is unreasonable or inaccurate in any material respect or that it was unreasonable for us to utilize and rely upon the financial projections, financial statements, assumptions, description of the business and liabilities, estimates and judgments or statements of the managements of the Company and United and their respective counsel, accountants and financial advisors. Our Opinion is necessarily based on business, economic, market and other conditions as they currently exist and as they can be evaluated by us at the date of this Opinion.

Based upon the foregoing, and in reliance thereon, it is our opinion as of this date that, assuming the Transaction is consummated as proposed, both immediately before and after, and giving effect to, the consummation of the Transaction.

(a) The fair value of the aggregate assets of each of the Company (on a consolidated basis) and United (on a consolidated basis) will exceed their total respective liabilities (including, without limitation, subordinated, unmatured, unliquidated and contingent liabilities);

(b) The present fair saleable value of the aggregate assets of each of the Company (on a consolidated basis) and United (on a consolidated basis) will be greater than their respective probable liabilities on their debts as such debts become absolute and matured;

(c) Each of the Company (on a consolidated basis) and, United (on a consolidated basis) will be able to pay their respective debts and other liabilities, including contingent liabilities and other commitments, as they mature; and

(d) The capital remaining in each of the Company (on a consolidated basis) and in United (on a consolidated basis) after consummation of the Transaction will not be unreasonably small for the business in which the Company and United is engaged, as management of the Company and United has indicated such business is now conducted and as management has indicated the business is proposed to be conducted following the consummation of the Transaction, and after giving due consideration to the prevailing practices in the industry in which the Company and United will be engaged.

(e) The excess of the fair value of the total assets of the Company over the total liabilities, including contingent liabilities, of the Company, is equal to or exceeds the value of the Reclassification Consideration to stockholders plus the stated capital of the Company, i.e., the Transaction meets the Delaware Test.

(f) The excess of the fair value of the total assets of United over the total liabilities, including contingent liabilities, of United, is equal to or exceeds the value of the stated capital of United, i.e. the Transaction meets the Delaware Test.

It is understood that the Opinion is solely for the information of the above mentioned addressees, their successors or assignees, and is not to be quoted, or referred to, in whole or in part, in any written document other than a reference in (i) the filing and disclosure of the Company's Opinion with the Securities and Exchange Commission (the "SEC") and any state securities commission or blue sky authority, or other governmental authority or agency if such filing or disclosure is required pursuant to the rules and regulations thereof, or otherwise required by applicable law in the opinion of the Company's counsel; (ii) the disclosure of the Opinions upon the demand, order or request of any court, administrative or governmental agency or regulatory body (whether or not such demand, order or request has the force of law) or as may be required or appropriate in response to any summons, subpoena, or discovery requests, (iii) the attachment of the Opinions as an exhibit to the loan documents governing any financing by banks, who, in the future, may extend credit to the Company or United, or as an exhibit to any documents governing debt financing by other financing sources, (iv) the disclosure of the Opinions in connection with (A) the prospective sale, assignment, participation or any other disposition by any bank or other financing source of any right or interest in the debt financing by such bank or other financing source, (B) an audit or any bank or other financing source by an independent public accountant or any administrative agency or regulatory body or (C) the exercise of any right or remedy by a bank or other financing source in connection with the debt financing, (v) the disclosure of the Opinions as may be requested, required or ordered in, or to protect a bank's or other financing source's interest in, any litigation, governmental proceeding or investigation to which any bank or other financing source is subject or purported to be subject, (vi) the disclosure of the Opinions as otherwise required by, or as reasonably determined by any bank or financing source to be required by, any law, order, regulation or ruling applicable to such bank or other financing course, (vii) the attachment of this letter the Recapitalization Agreement, (viii) the delivery of this letter to the managing underwriters of the Debenture Offerings, who may rely upon it as if it were addressed to them.

Very truly yours,

AMERICAN APPRAISAL ASSOCIATES, INC.
("AAA")

By /s/ Ronald M. Goergen
Ronald M. Goergen
President

UNITED AIR LINES (BEFORE)

SHAREHOLDER DISTRIBUTION TEST
BASED ON
MARCH 31, 1994

STOCKHOLDERS' EQUITY (PER HISTORICAL FINANCIAL STATEMENTS - PRIOR TO TRANSACTION)	$570
EXCESS OF TOTAL ASSETS OVER PRO FORMA LIABILITIES (RESTATED TO REFLECT PFSV - PRIOR TO TRANSACTION)	$2,188
TRANSACTION	
LESS DISTRIBUTION TO SHAREHOLDER:	
CASH	0
CASH FROM DEBENTURES	0
LESS STATED CAPITAL OF THE CORPORATION	1
INDICATED EXCESS ASSETS (PRIOR TO TRANSACTION)	$2,187

UNITED AIR LINES (AFTER)

SHAREHOLDER DISTRIBUTION TEST
BASED ON
MARCH 31, 1994

STOCKHOLDERS' EQUITY (PER HISTORICAL FINANCIAL STATEMENTS - PRIOR TO TRANSACTION)	$570
EXCESS OF TOTAL ASSETS OVER PRO FORMA LIABILITIES (RESTATED TO REFLECT PFSV - PRIOR TO TRANSACTION)	$2,495
TRANSACTION	
LESS DISTRIBUTION TO SHAREHOLDER:	
CASH	300
CASH FROM DEBENTURES	741
LESS STATED CAPITAL OF THE CORPORATION	1
INDICATED EXCESS ASSETS	$1,453

UAL (BEFORE)

SHAREHOLDER DISTRIBUTION TEST
BASED ON
MARCH 31, 1994

STOCKHOLDERS' EQUITY (PER HISTORICAL FINANCIAL STATEMENTS - PRIOR TO TRANSACTION)	$1,097
EXCESS OF TOTAL ASSETS OVER PRO FORMA LIABILITIES (RESTATED TO REFLECT PFSV - PRIOR TO TRANSACTION)	$2,271
TRANSACTION	
LESS DISTRIBUTION TO SHAREHOLDERS:	
CASH	0
CASH FROM DEBENTURES	0
CASH FROM PREFERRED	0

LESS STATED CAPITAL OF THE CORPORATION	128
INDICATED EXCESS ASSETS (PRIOR TO TRANSACTION)	$2,143

AMERICAN APPRAISAL ASSOCIATES, INC.
3 OF 4 11-JUL-94

UAL (AFTER)

SHAREHOLDER DISTRIBUTION TEST
BASED ON
MARCH 31, 1994

STOCKHOLDERS' EQUITY (PER HISTORICAL FINANCIAL STATEMENTS - PRIOR TO TRANSACTION)	$1,537
EXCESS OF TOTAL ASSETS OVER PRO FORMA LIABILITIES (RESTATED TO REFLECT PFSV - PRIOR TO TRANSACTION)	$3,666
TRANSACTION	
LESS DISTRIBUTION TO SHAREHOLDERS:	
CASH	978
CASH FROM DEBENTURES	741
CASH FROM PREFERRED	410
LESS STATED CAPITAL OF THE CORPORATION	1
INDICATED EXCESS ASSETS (AFTER TRANSACTION)	$1,536
LESS DECLARATION OF DIVIDENDS:	
SERIES A DIVIDEND (JULY 11, 1994)	9
SERIES B DIVIDEND (JULY 12, 1994)	3
INDICATED EXCESS ASSETS (AFTER TRANSACTION AND DECLARATION OF DIVIDENDS)	$1,524

AMERICAN APPRAISAL ASSOCIATES, INC.
4 OF 4 11-JUL-94

EXHIBIT 99.2

UAL CORPORATION
[LOGO]

July 12, 1994

Dear Fellow Stockholder:

At the Meeting of Stockholders of UAL Corporation (the "Company") held on July 12, 1994, the stockholders of the Company voted to approve and adopt the Amended and Restated Agreement and Plan of Recapitalization (as amended, the "Plan of Recapitalization"), pursuant to which employees of the Company are acquiring a majority stake in the common equity of the Company in exchange for wage and benefit reductions and work-rule changes. In accordance with the Plan of Recapitalization, each outstanding share of the Company's Common Stock, par value $5.00 per share (the "Old Shares"), will be converted into, and become a right to receive (subject to certain adjustments) one half of a share of Common Stock, par value $0.01 per share, of the Company ("New Share"), $84.81 in cash and cash-in-lieu of fractional New Shares.

To receive the consideration for your Old Shares (less any amount required to be withheld under applicable federal income tax regulations), please complete the enclosed Letter of Transmittal in accordance with its instructions and return it with the certificates representing your Old Shares in the enclosed envelope to First Chicago Trust Company of New York, the exchange agent appointed by the Company pursuant to the Plan of Recapitalization. The cash payment will be made by check, and the entire consideration will be mailed to the address shown on the Letter of Transmittal.

Thank you for your consideration and support.

Sincerely,

(ART)

Francesca M. Maher
Vice President-Law and
Corporate Secretary

[Letterhead address]

LETTER OF TRANSMITTAL
For Shares of Common Stock,
Par Value $5.00 Per Share
of

UAL CORPORATION

Surrendered for Cash and Stock Payment
Pursuant to the
Plan of Recapitalization
Dated as of March 25, 1994,
as Amended

The Exchange Agent:
First Chicago Trust Company of New York
For Information Call:
(201)324-0137

By Mail:	By Hand or Overnight Courier:
FIRST CHICAGO TRUST COMPANY OF NEW YORK	FIRST CHICAGO TRUST COMPANY OF NEW YORK
P.O. BOX 2565,	8TH FLOOR, SUITE 4680
MAIL SUITE 4660 JERSEY CITY,	14 WALL STREET
NJ 07303-2565	NEW YORK, NY 10005

Name & Address of Registered Holder(s): (Please fill in if blank)	Certificate(s) Surrendered (Attach Additional Lists If Necessary. See Instruction 1)	
	Certificate Number	Number of Shares
	Total	

PLEASE READ CAREFULLY THE ACCOMPANYING INSTRUCTIONS

LADIES/GENTLEMEN:

The undersigned hereby represents and warrants that he or she has good title to the shares being delivered and surrendered to

First Chicago Trust Company of New York, as exchange agent (the "Exchange Agent"), free and clear of all liens, restrictions, charges and encumbrances, and that such shares are not subject to any adverse claim. The undersigned represents and warrants that he or she has full power and authority to surrender the stock certificate(s). The undersigned will, upon request, execute and deliver any additional documents reasonably deemed appropriate or necessary by UAL Corporation ("UAL") or the Exchange Agent in connection with the surrender of the certificate(s). All authority conferred or agreed to be conferred in this Letter of Transmittal shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

The undersigned understands that the delivery and surrender of the stock certificate(s) is not effective, and the risk of loss of the certificate(s) does not pass to the Exchange Agent, until receipt by the Exchange Agent of this Letter of Transmittal, duly completed and signed, together with all accompanying evidences of authority in a form satisfactory to UAL and the Exchange Agent and any other required documents. All questions as to validity, form and eligibility of any surrender of certificate(s) hereunder will be determined by UAL, and such determination shall be final and binding on all parties.

The undersigned hereby represents and warrants that he or she understands that unless and until certificate(s) shall have been surrendered to the Exchange Agent, holders of such certificate(s) shall not be entitled to receive dividends or other distributions with respect to Common Stock, par value $0.01 per share, of UAL to be distributed in respect of the shares being delivered and surrendered herewith.

The undersigned understands that payment for surrendered certificate(s) will be made as promptly as practicable after surrender of the certificate(s) is made in acceptable form.

SHAREHOLDER SIGN HERE

Must be signed by the registered holders exactly as names appear on certificate(s) or by persons authorized to become registered holders by certificate(s) and documents transmitted herewith. If signing is by an attorney-in-fact, executor, administrator, trustee, guardian, officer of a corporation, agent or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 4. The undersigned represents and warrants that he or she has full power and authority to surrender the certificate(s) and has read and agrees to all the terms and conditions set forth herein.

Signatures____
____
____

Names
____
____
____
____

Capacity
____
____

Address
____
____

Tax Identification or Social Security No.
____
(SEE INSTRUCTION 10)

Area Code and Tel. No.
____
____

Dated ______________ , 19 ______

SIGNATURE GUARANTEE
(IF REQUIRED-SEE INSTRUCTION 4)
Authorized Signature
____
____

Name
____
____
(PLEASE TYPE OR PRINT)

Title
____
____

Name of Firm
____

____

Address
____
____
____
____
(ZIP CODE)
Area Code and Tel. No.
____
____

Dated _________ , 19 ________
PLEASE ISSUE CHECK AND CERTIFICATES AS INDICATED ABOVE (SEE "A" OR "B" BELOW IF REQUIRED)

"A" SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTION 4)

To be completed only if a check and certificates are to be issued in a name other than as shown above.
Name . . . .

Address . . . .
. . . .

TIN # . . . .

"B" SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTION 7)

To be completed only if a check and certificates are to be mailed to an address other than as shown above or in "SPECIAL PAYMENT INSTRUCTIONS."
Name . . . .

Address . . . .
. . . .

Zip Code . . . .

INSTRUCTIONS FOR LETTER OF TRANSMITTAL

1. General. This Letter of Transmittal should be properly filled in, dated and signed by the registered holder(s) of the shares which are delivered or mailed, together with the stock certificate(s) for said shares, to the Tenders & Exchanges Department of the Exchange Agent at one of the addresses on the face hereof. The method of delivery is at your option and risk, but if sent by mail, we suggest insured registered mail with return receipt. A mailing envelope is enclosed for your convenience. Additional copies of this Letter of Transmittal may be obtained from the Exchange Agent. If the space provided on this Letter of Transmittal is inadequate, the certificate numbers and the number of shares should be listed on a separate signed schedule and attached to this Letter of Transmittal.

2. Risk of Loss. Delivery of stock certificate(s) shall be effected and the risk of loss and title shall pass only upon proper delivery of the certificate(s) and this Letter of Transmittal to the Exchange Agent.

3. Consideration Issued in the Same Name. If the consideration for shares surrendered is issued in the same name as the registered holder(s), no endorsement or transfer tax stamps is required on the certificate(s). In such event, the signatures on this Letter of Transmittal must be exactly the same as the names that appear on the face of the certificate(s), without alteration, enlargement or any change whatsoever.

4. Special Payment Instructions. If the consideration for shares surrendered is to be issued in a name other than that of the registered holder of the shares surrendered, the surrendered certificate(s) must be endorsed or accompanied by an endorsed stock power and the signature thereon guaranteed by an eligible

guarantor institution such as a commercial bank, trust company, securities broker/dealer, credit union or savings institution participating in the Medallion Signature Guarantee Program. A verification by a Notary Public is not acceptable. Endorsements on the certificate(s) must correspond in every particular with the registered names on such certificate(s). In case the endorsement on any certificate(s) is executed by an attorney, executor, administrator, guardian or other fiduciary, or by an officer of a corporation, the person executing the endorsement must give his full title in such capacity and appropriate evidence of authority to act in such capacity must be forwarded with the certificate(s) surrendered.

5. Exchange and Payment. The Exchange Agent will mail the consideration for the stock certificate(s) surrendered by first class mail as soon as practicable after the receipt by the Exchange Agent of a properly completed and duly executed Letter of Transmittal, such certificate(s) and any required supporting documents.

6. Validity of Surrender; Irregularities. All questions as to validity, form and eligibility of any surrender of the certificate(s) hereunder will be determined by UAL Corporation, and such determination shall be final and binding on all parties. A surrender will not be deemed to have been made until all irregularities have been cured or waived.

7. Special Delivery Instructions. Indicate the name and address to which payment for the shares is to be sent if different from the name and address of the persons signing this Letter of Transmittal.

8. Adequacy of Documentation. UAL Corporation and the Exchange Agent reserve full discretion to determine whether each Letter of Transmittal submitted to the Exchange Agent has been properly filled in and is adequate. UAL Corporation and the Exchange Agent shall have the right to request the execution of any additional documents which either of them, in its sole discretion, deems necessary or desirable to facilitate the proper transmittal of stock certificate(s). Any determination by UAL Corporation and the Exchange Agent as to the adequacy of documentation shall be final.

9. Lost, Stolen or Destroyed Certificates. If stock certificate(s) have been lost, stolen or destroyed, you should contact the Exchange Agent at one of the addresses on the face hereof or the telephone number listed below, and the Exchange Agent will mail to you an affidavit of loss and an indemnity bond. The consideration for shares will be delivered to you only upon receipt of a properly completed affidavit of loss and an indemnity bond.

10. Substitute Form W-9. You are required to provide the Exchange Agent with a correct Taxpayer Identification Number ("TIN") on Substitute Form W-9, which is provided under "Important Tax Information" above, and to indicate that you are not subject to backup withholding by checking the box in Part 2 of the form. Failure to provide the information on the form may subject you to a penalty and a 31 percent Federal income tax withholding on certain payments due for the certificates. The box in Part 3 of the form may be checked if you have not been issued a TIN and have applied for a number or intend to apply for a number in the near future. If the box in Part 3 is checked and the Exchange Agent is not provided with a TIN within 60 days, the Exchange Agent will withhold 31 percent of certain amounts due for the certificates until a TIN is provided to the Exchange Agent.

11. Questions. If you have any questions, please call our Tenders & Exchanges Department at (201) 324-0137.

IMPORTANT TAX INFORMATION

Under the Federal income tax law, a stockholder is required by law to provide the Exchange Agent (as payer) with his or her correct taxpayer identification number on Substitute Form W-9 below. If such stockholder is an individual, the taxpayer identification number is his or her social security number. If the Exchange Agent is not provided with the correct taxpayer identification number, the stockholder may be subject to a penalty imposed by the Internal Revenue Service. In addition, certain payments that are made to such stockholder may be subject to backup withholding.

Exempt stockholders (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, that stockholder 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.) See the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Exchange Agent is required to withhold 31 percent of any such payments made to the stockholder. 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. If withholding results in an overpayment of taxes, a refund may be obtained.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments that are made to a stockholder, the stockholder is required to notify the Exchange Agent of his or her correct taxpayer identification number by completing the form below certifying that the taxpayer identification number provided on Substitute Form W-9 is correct (or that such stockholder is awaiting a taxpayer identification number) and that (1) the stockholder has not been notified by the Internal Revenue Service that he or she is subject to backup withholding as a result of failure to report all interest or dividends or (2) the Internal Revenue Service has notified the stockholder that he or she is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE EXCHANGE AGENT

The stockholder is required to give the Exchange Agent the social security number or employer identification number of the record owner of the shares.

PAYER'S NAME: FIRST CHICAGO TRUST COMPANY OF NEW YORK

SUBSTITUTE
FORM W-9
DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE

PAYER'S REQUEST FOR TAXPAYER
IDENTIFICATION NUMBER ("TIN")

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

____

PART 2-Check the box if you are NOT subject to backup withholding under the provisions of section 340(6)(a)(1)(C) of the Internal Revenue Code because (1) you have not been notified that you are subject to backup withholding as a result of failure to report all interest or dividends or (2) the Internal Revenue Service has notified you that you are no longer subject to backup withholding. ( )

CERTIFICATION-UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PROVIDED ON THIS FORM IS TRUE, CORRECT, AND COMPLETE.

SIGNATURE
DATE

PART 3-
Awaiting TIN ( )

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF CERTAIN PAYMENTS MADE TO YOU. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

PLEASE READ CAREFULLY THE INSTRUCTIONS CONTAINED IN THIS LETTER OF TRANSMITTAL.

Exhibit 99.3

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number to Give the Payer. Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	Give the SOCIAL SECURITY number of__	For this type of account:	Give the EMPLOYER IDENTIFICATION number of __
1. An individual's account	The individual	9. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title).(5)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of the individuals(1)		
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person(1)	10. Corporate account	The corporation
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	11. Religious, charitable, or educational organization account	The organization
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)	12. Partnership account held in the name of the business	The partnership
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)	13. Association, club, or other tax-exempt organization	The organization
		14. A broker or registered nominee	The broker or nominee
7. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	15. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)		
8. Sole proprietorship account	The owner(4)		

(1) List first and circle the name of the person whose number you furnish.
(2) Circle the minor's name and furnish the minor's social security number.
(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
(4) Show the name of the owner.

(5) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER OF SUBSTITUTE FORM W-9

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for an Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

* A corporation.
* A financial institution.
* An organization exempt from tax under section 501(a), or an individual retirement plan.
* The United States or any agency or instrumentality thereof.
* A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
* A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
* An international organization or any agency, or instrumentality thereof.
* A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.
* A real estate investment trust.
* A common trust fund operated by a bank under section 584(a).
* An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1).
* An entity registered at all times under the Investment Company Act of 1940.
* A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

* Payments to nonresident aliens subject to withholding under section 1441.
* Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
* Payments of patronage dividends where the amount received is not paid in money.
* Payments made by certain foreign organizations.
* Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

* Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
* Payments of tax-exempt interest (including exempt-interest dividends under section 852).
* Payments described in section 6049(b)(5) to nonresident aliens.
* Payments on tax-free covenant bonds under section 1451.
* Payments made by certain foreign organizations.
* Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments, other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a), 6045, and 6050A.

PRIVACY ACT NOTICE. Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) PENALTIES FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER. If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) FAILURE TO REPORT CERTAIN DIVIDEND AND INTEREST PAYMENTS. If you fail to include any portion of an includible payment for interest, dividends, or patronage dividends in gross income, such failure will be treated as being due to negligence and will be subject to a penalty of 5% on any portion of an under-payment attributable to that failure unless there is clear and convincing evidence to the contrary.

(3) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(4) CRIMINAL PENALTY FOR FALSIFYING INFORMATION. Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

Exhibit 99.4

Corporate Communications Contacts:
John Kiker (708) 952-4162
Joe Hopkins (708) 952-5770
Tony Molinaro (708) 952-4971
Night (708) 952-4088

Investor Relations Contact:
Pamela Hanlon (708) 952-7501

UAL CORP. SHAREHOLDERS APPROVE HISTORIC RECAPITALIZATION CREATING NATION'S LARGEST EMPLOYEE-OWNED COMPANY

FOR IMMEDIATE RELEASE

CHICAGO, July 12, 1994 -- UAL Corp. Chairman and Chief Executive Officer Stephen M. Wolf announced today that the company's shareholders have approved the historic recapitalization in which employees will acquire 55 percent of the company's common stock in exchange for pay and benefit reductions and work rule changes.

The employee investment transaction will make UAL Corp., parent company of United Airlines, the largest employee-owned company in the United States.

Wolf told shareholders, "Those of us here today are participating in an event of monumental proportions ... a milestone marking one of the most significant transformations in the airline industry since this business was founded in the early 20th century."

He went on to say, "Through a significant investment in the airline, our employees are about to align their interests with the interests of our public shareholders in a plan that should assure this company's future in the global marketplace for many years to come."

Wolf himself will be leaving the company when the transaction closes later today, and he will be succeeded by Gerald Greenwald, a former vice chairman of Chrysler Corp., as chairman and chief executive officer.

Following the announcement of the shareholders vote today, Greenwald said, "No other airline is as well-positioned for takeoff as United: A route system that spans five continents, an excellent fleet of aircraft, a management team that is one of the very best in the business -- and a name that is recognized and respected the world over. Today's milestone puts United a step ahead."

The coalition of employees acquiring the company includes two major unions, the Air Line Pilots Association and the International Association of Machinists, and a group of management and salaried employees.

The reduced salaries and benefits and modifications in work rules which are estimated to have a present value of $4.9 billion will lower the company's unit costs significantly and establish the framework for more effective competition vis-a-vis U.S. carriers with lower cost structures already in place.

Meanwhile, employee ownership provides employees with a powerful new incentive to put forth their best efforts to meet customer needs, assure the long-time success of the company and add value to the price of UAL Corp. shares.

UAL and United announced previously that they will mount an airline within an airline beginning Oct. 1 on the U.S. West Coast with 83 flights initially. It will be characterized by high frequency service, attractive low fares and scaled back amenities.

The company has said for some time that the flying public is influenced by low fares much more today than other factors in deciding whether to fly and selecting a carrier.

As previously disclosed, existing stockholders will receive for each share of UAL common stock one-half share of new UAL common stock and $84.81 in cash provided that offerings of preferred stock and two issues of debt are consummated.

-UA-