

UAL, Inc.

**Notice of 1987
Annual Meeting and
Proxy Statement**

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UAL INC.

P. O. Box 66919, Chicago, Illinois 60666

OFFICE OF THE CHAIRMAN

April 1, 1987

TO OUR SHAREHOLDERS:

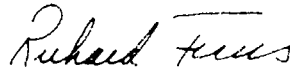
The Board of Directors joins me in extending to you a cordial invitation to attend the 1987 Annual Meeting of Shareholders. The meeting will be held in the Grand Ballroom of The Westin Plaza Hotel, Fifth Avenue at 59th Street, New York, New York, at 10:00 a.m., New York time, on Thursday, April 30, 1987.

In addition to the matters set forth in the accompanying Notice of Annual Meeting and Proxy Statement, the shareholders present will hear reports on the affairs of UAL, Inc. and its subsidiaries. There will be an opportunity to discuss matters of interest to you as a shareholder.

It is important that your shares be represented at the meeting whether or not you plan to attend in person. Therefore, please sign and return the enclosed proxy in the envelope provided. If you do attend the meeting and desire to vote in person, you may do so even though you have previously sent in a proxy.

We hope that you will be able to attend the meeting and we look forward to seeing you. If you plan to attend, please request an admission card by marking the proxy card in the space provided.

Very sincerely yours,



RICHARD J. FERRIS

UAL INC.

P. O. Box 66919, Chicago, Illinois 60666

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
April 30, 1987

The Annual Meeting of Shareholders of UAL, Inc., a Delaware corporation, will be held in the Ballroom of The Westin Plaza Hotel, Fifth Avenue at 59th Street, New York, New York, on Thursday, April 30, 1987, at 10:00 a.m., New York time, for the following purposes:

1. To elect a Board of sixteen directors (page 2);
2. To consider and act upon a proposal to ratify the appointment of Arthur Andersen & Co. as independent public accountants for 1987 (page 19);
3. To amend the Restated Certificate of Incorporation to change the name of the Corporation to "Allegis Corporation" (page 19);
4. To amend the Restated Certificate of Incorporation concerning liability of directors and indemnification of directors and officers (page 20);

and to transact such other business as may properly be brought before the meeting or any adjournment thereof.

The close of business on March 2, 1987 has been fixed as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting. A list of such shareholders will be open for examination during ordinary business hours by any shareholder for any purpose germane to the meeting at Morgan Shareholder Services Trust Company, 30 West Broadway, New York, New York, for a period of ten days prior to the meeting.

By order of the Board of Directors

JOSEPH T. KANE
Vice President and Secretary

Chicago, Illinois
April 1, 1987

UAL INC.

P. O. Box 66919 • Chicago, Illinois 60666

PROXY STATEMENT ANNUAL MEETING OF SHAREHOLDERS, April 30, 1987

This Proxy Statement is furnished in connection with the solicitation of proxies by and on behalf of the Board of Directors of UAL, Inc. (hereinafter referred to as the "Corporation") to be used at the Annual Meeting of Shareholders of the Corporation to be held on April 30, 1987, and at any and all adjournments thereof. The meeting has been called for the purposes set forth in the notice of the meeting. Any proxy given pursuant to this solicitation may be revoked by the shareholder at any time prior to the voting of the proxy either by written notice to the Secretary of the Corporation, by delivery of a later-dated proxy or in person at the meeting. The approximate date of mailing this Proxy Statement and enclosed proxy is April 1, 1987.

At the close of business on March 2, 1987, the Corporation had outstanding 50,245,006 shares of Common Stock, \$5 par value ("Common Stock") of which 50,193,510 shares are entitled to vote (the balance being treasury shares); and 37,439 shares of 5½% Cumulative Prior Preferred Stock, \$100 par value ("Prior Preferred Stock").

Holders of Common Stock and Prior Preferred Stock of record at the close of business on March 2, 1987, voting together as a single class, will be entitled to one vote per share on the election of directors and on all other business to be transacted at the meeting.

The affirmative vote, in person or by proxy, of a majority of all outstanding shares of Common Stock and Prior Preferred Stock present at the Annual Meeting, voting together as a single class, will be necessary for the adoption of proposals 1 and 2. Approval of proposals 3 and 4 will require the affirmative vote of a majority of the shares of Common Stock and Prior Preferred Stock entitled to vote at the meeting, voting together as a single class.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Nominees for Election

Pursuant to the retirement policy of the Board of Directors, Walter A. Haas, Jr. is not standing for reelection and, pursuant to the By-Laws of the Corporation, the Board of Directors has fixed the number of directors at sixteen effective at the Annual Meeting of Shareholders to be held on April 30, 1987.

Except where authority has been withheld by a shareholder, the enclosed proxy will be voted for the election of the sixteen nominees hereinafter named to the Board of Directors for a term of one year and until their successors are duly elected and qualified. Each nominee was previously elected by the shareholders. Each nominee has served continuously as a director for the period succeeding the date of his or her election and the terms of all nominees will expire at this Annual Meeting. In the event any one or more of the following named nominees shall unexpectedly become unavailable before election, votes

will be cast pursuant to authority granted by the enclosed proxy for such person or persons as may be designated by the Board of Directors. No person, other than the directors of the Corporation, acting solely in that capacity, is responsible for the naming of the nominees.

Pertinent information about each nominee for election as a director is hereinafter set forth.

United Air Lines, Inc., Westin Hotel Company, and The Hertz Corporation, the principal subsidiaries of the Corporation, are sometimes referred to herein as "United", "Westin" and "Hertz", respectively, and together as the "Subsidiaries."



Neil A. Armstrong

Chairman, Computing Technologies for Aviation, Inc.
Charlottesville, Virginia

Director since 1978
Age 56

Mr. Armstrong was elected Chairman of Computing Technologies for Aviation, Inc., which provides computer systems for aviation applications, in 1982. He was formerly associated with Cardwell International, Ltd. as Chairman, and from 1971 through 1979 served as Professor of Aerospace Engineering at the University of Cincinnati. Mr. Armstrong joined the National Aeronautics and Space Administration in 1955 and was in the astronaut program from 1962 to 1970 and subsequently became Deputy Associate Administrator of NASA.

Mr. Armstrong is also a director of Cincinnati Gas & Electric Company, Cincinnati Milacron, Inc., Eaton Corporation, Taft Broadcasting Co., and USX Corporation.



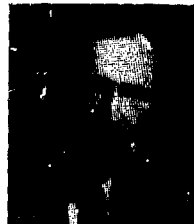
Andrew F. Brimmer

President, Brimmer & Company, Inc.
Washington, D.C.

Director since 1976
Age 60

Dr. Brimmer formed Brimmer & Company, an economic and financial consulting firm, in 1976, after having served as the Thomas Henry Carroll Ford Foundation Visiting Professor in the Graduate School of Business Administration of Harvard University. He was a Member of the Board of Governors of the Federal Reserve System from 1966 to 1974 and prior to that time was Assistant Secretary for Economic Affairs of the U.S. Department of Commerce.

Dr. Brimmer is also a director of American Security Corporation, BankAmerica Corporation, BeliSouth Corporation, E.I. du Pont de Nemours & Company, Gannett Company, and Navistar International.



Richard P. Cooley

Chairman and Chief Executive Officer,
SEAFIRST Corporation and Seattle-First
National Bank Seattle

Director since 1970
Age 63

Mr. Cooley was elected Chairman, President and Chief Executive Officer of SEAFIRST Corporation and Seattle First National Bank in 1983. He served as President until 1985 and continues as Chairman and Chief Executive Officer. Mr. Cooley was previously affiliated with Wells Fargo Bank as Chairman, President and Chief Executive Officer and as President and Chief Executive Officer of Wells Fargo & Company.

Mr. Cooley is also a director of BankAmerica Corporation.



John L. Cowan

Vice Chairman and Chief Financial Officer,
UAL, Inc.

Director since 1983
Age 59

Mr. Cowan joined United in 1977 as Senior Vice President-Finance. In 1978 he was elected Treasurer of UAL, Inc. and Senior Vice President-Administration and Finance in 1980. Prior to his service with United and UAL, Inc. Mr. Cowan had served as Vice President-Sales and as Vice President-Finance for the Norfolk and Western Railway Company, and had held key financial positions with Continental Oil Company, Consolidation Coal Company and in the petroleum department of Citibank in New York.



E. Mandell de Windt

Retired Chairman and Chief Executive
Officer, Eaton Corporation
Cleveland

Director since 1976
Age 65

Mr. de Windt joined Eaton Corporation, a manufacturer of advanced technology products for the automotive, electronics, defense and capital goods markets worldwide, in 1941. He served in various capacities and as the Chairman and Chief Executive Officer from 1969 until his retirement in 1986.

Mr. de Windt is also a director of Ameritech, Cleveland Cliffs, Inc., Kraft, Inc., Louisiana Land and Exploration Company, Premark International, Inc., Sears, Roebuck & Company and Birmingham Steel Corporation. He is also a trustee for five mutual funds for which Carnegie Capital Management Company serves as investment adviser.



Richard J. Ferris

Chairman, President and Chief Executive Officer, UAL, Inc., and Chairman, United Air Lines, Inc.

Director since 1975
Age 50

Mr. Ferris was elected President of UAL, Inc. in 1978, Chief Executive Officer in 1979 and Chairman in 1982.

Mr. Ferris joined United in 1971 as President of United's Food Services Division, after serving in various capacities with Westin. He was named Group Vice President-Marketing Services in 1974 and elected President in 1975, which office he held until 1978. Mr. Ferris also served as Chief Executive Officer of United during the period 1976-1985 and as Chairman since 1978.

Mr. Ferris is also a director of the Amoco Corporation and Procter & Gamble Company.



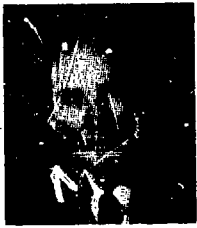
James J. Hartigan

President and Chief Executive Officer, United Air Lines, Inc. Chicago

Director since 1981
Age 62

Mr. Hartigan joined United in 1942, and, except for military service, has served in various capacities with United since that time. Mr. Hartigan was elected President in 1981 and Chief Executive Officer in 1985. Prior to assuming his current duties, he served as Group Vice President—Operations Services (1975-1980) and Executive Vice President (1980-1981).

Mr. Hartigan is also a director of the First Chicago Corporation and Roper Corporation.



William M. Jenkins

Retired Chairman, SEAFIRST Corporation
and Seattle-First National Bank
Seattle

Director since 1971
Age 67

Mr. Jenkins joined Seattle-First National Bank in 1945 and, after serving in various officer positions, was named Chairman of the Board and Chief Executive Officer in 1962. In 1974, upon the formation of SEAFIRST Corporation, Mr. Jenkins was also elected Chairman and Chief Executive Officer of that bank holding company. He retired from these offices in 1982.

Mr. Jenkins is also a director of Scott Paper Company and Safeco Corporation.



Juanita M. Kreps

Economist and Former Secretary of
Commerce
Durham, North Carolina

Director since 1979
Age 66

Dr. Kreps served as Secretary of Commerce of the United States from January, 1977 until November, 1979. Prior to her government service, Dr. Kreps was a member of the faculty of Duke University and held the position of James B. Duke Professor of Economics. She also served as Vice President of the University from 1973 to 1977.

Dr. Kreps is also a director of American Telephone and Telegraph Company, Armco, Inc., Chrysler Corporation, Citicorp/Citibank, Peere and Co., Eastman Kodak Co., J. C. Fenney Company, Inc., RJR Nabisco, Inc., and Zurn Industries.



Charles F. Luce

Special Counsel to Metropolitan
Life Insurance Company
New York

Director since 1969
Age 69

Mr. Luce served as Chairman of the Board and Chief Executive Officer of Consolidated Edison Company of New York, Inc., from 1967 to 1981, and as Chairman of the Board until his retirement in 1982. He was a partner in the law firm of Preston, Thorgrimson, Ellis and Holman in Portland, Oregon (1982-1987) and assumed his present position March 2, 1987. Mr. Luce served as Undersecretary of the Interior during 1966-1967.

Mr. Luce is a director of Metropolitan Life Insurance Company and serves as a trustee of the Consolidated Edison Company of New York, Inc.



John F. McGillicuddy

Chairman and Chief Executive Officer,
Manufacturers Hanover Corporation and
Manufacturers Hanover Trust Company
New York

Elected a Director in 1984
Age 56

Mr. McGillicuddy joined Manufacturers Hanover in 1958. He was elected President of Manufacturers Hanover Corporation and Manufacturers Hanover Trust Company in 1971 and Chairman, President and Chief Executive Officer of the companies in 1979. He assumed his current position in March, 1982.

Mr. McGillicuddy is also a director of The Continental Corporation, Kraft, Inc., and USX Corporation.



Fujio Matsuda

Executive Director, Research Corporation, University of Hawaii Honolulu

Director since 1975
Age 62

Dr. Matsuda was named Executive Director of the Research Corporation in 1984. The Research Corporation promotes and implements scientific, educational and economic development activities in Hawaii and the Pacific Rim generally. Dr. Matsuda has been affiliated with the University of Hawaii since 1955, serving as Professor of Civil Engineering and, subsequently, Chairman of the Department of Civil Engineering. He was named President of the University of Hawaii in 1974 and served in that capacity until he assumed his present position. During the period 1963-1973, he also served as Director of the Department of Transportation of the State of Hawaii.

Dr. Matsuda is also a director of Hawaiian Electric Industries, Inc.



Harry Mullikin

Chairman and Chief Executive Officer, Westin Hotel Company Seattle

Director since 1974
Age 59

Mr. Mullikin has been associated with Westin or one of its predecessor companies since 1941. He was first elected an officer of the hotel company in 1963 and to the Board of Directors in 1965. Mr. Mullikin was elected President in 1973, which position he held until 1984. He has served as Chief Executive Officer since 1977 and as Chairman since 1981.

Mr. Mullikin is also a director of SEAFIRST Corporation.



James J. O'Connor

Chairman, President and Chief Executive Officer,
Commonwealth Edison Company
Chicago

Director since 1984
Age 50

Mr. O'Connor joined Commonwealth Edison in 1963. He was first elected a Vice President in 1970, Executive Vice President in 1973 and was named President in 1977. Mr. O'Connor has served in his present position since 1980.

Mr. O'Connor is also a director of Bell & Howell, Borg-Warner Corporation, Corning Glass Works, The Tribune Company, and Talman Home Federal Savings and Loan Association.



Frank A. Olson

Chairman and Chief Executive Officer,
The Hertz Corporation
New York

Director since 1985
Age 54

Mr. Olson is a 35-year veteran of the rent-a-car industry. He joined Hertz in 1964 and, after serving in various capacities, was named Vice President and General Manager of the Rent-a-Car Division in 1970, elected Executive Vice President in 1973 and President and Chief Executive Officer in 1977. He has served in his present position since 1980.

Mr. Olson is also a director of Becton, Dickinson and Company.



Nicholas R. Petry

President, The Petry Company
Denver

Director since 1972
Age 68

Mr. Petry formed The Petry Company, which is engaged in diversified operations and investments, in 1986 following the dissolution of Petry-Vappi Construction Company of which he was Chairman since 1980. He is Managing Partner of N. G. Petry Construction Company, and Mill Iron Ranches of Colorado and Wyoming.

Mr. Petry is also a director of Colorado National Bankshares, Eaton Corporation, Public Service Company of Colorado, and Pogo Producing Company.

CERTAIN INFORMATION CONCERNING THE BOARD OF DIRECTORS

The Board of Directors of the Corporation held a total of ten meetings during 1986. All directors attended 75 percent or more of the total of such meetings and meetings of Board committees of which they were members.

The committees of the Board of Directors of the Corporation consist of the Executive, Audit, Compensation and Stock Option, and Pension and Welfare Plans Oversight Committees. The Board of Directors has not appointed a nominating committee but the Executive Committee considers possible nominees for election to the Board of Directors and makes recommendations to the Board of Directors. Set forth below is a brief description of the functions performed and the number of meetings held by each committee during 1986 and the names of the current members.

Executive Committee

The Executive Committee is authorized by the By-Laws of the Corporation to exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation with certain exceptions. The Committee has been given the responsibility by the Board of Directors to review periodically the composition of the Board of Directors and to recommend candidates for election as directors. In this respect, it acts as a nominating committee. The Committee will consider nominees recommended by shareholders who may submit such recommendations by addressing a letter to the Chairman of the Committee at the Executive Offices of the Corporation containing information as to the qualifications of the persons so recommended. The Executive Committee met five times during 1986.

The current members of the Committee are:

Neil A. Armstrong
Andrew F. Brimmer
Richard J. Ferris, Chairman

William M. Jenkins
Charles F. Luce

Audit Committee

The Audit Committee is authorized by the Board of Directors to review with the Corporation's independent public accountants the annual financial statements of the Corporation prior to publication; to review the work of, and approve non-audit services performed by, such independent accountants; and, annually, to make recommendations to the Board of Directors for the appointment of independent public accountants for the ensuing year. The Committee reviews the effectiveness of the financial and accounting functions, organization, operations and management of the Corporation and its subsidiaries and affiliates. The Audit Committee held two meetings during 1986.

The current members of the Committee are:

E. Mandell de Windt
Walter A. Haas, Jr.
William M. Jenkins

Charles F. Luce
Nicholas R. Petry, Chairman

Compensation and Stock Option Committee

The Compensation and Stock Option Committee reviews and recommends to the Board of Directors the compensation and benefits of all officers of the Corporation and the principal officers of its subsidiaries

and reviews general policy matters relating to compensation and benefits of employees of the Corporation and its subsidiaries. The Committee also exercises the powers and performs the duties of the Stock Option Committee provided for in the 1969 Qualified Stock Option Plan and 1981 Incentive Stock Program of the Corporation. The Compensation and Stock Option Committee met three times during 1986.

The current members of the Committee are:

Richard P. Cooley, Chairman
John F. McGillicuddy

James J. O'Connor
Nicholas R. Petry

Pension and Welfare Plans Oversight Committee

The Pension and Welfare Plans Oversight Committee exercises oversight with respect to compliance by the Corporation and its subsidiaries with laws governing employee benefit plans under the Employees' Retirement Income Security Act of 1974 ("ERISA"). Reports of the subsidiaries concerning ERISA employee benefit plan matters are reviewed by the Committee and the Committee periodically reports its actions, findings and recommendations to the Board of Directors. The Committee met three times during 1986.

The current members of the Committee are:

Neil A. Armstrong
E. Mandell de Windt
Juanita M. Kreps, Chairman

Fujio Matsuda
James J. O'Connor

Compensation of Directors

Directors receive an annual retainer of \$20,000 and are paid \$1,000 for each meeting attended. The Chairmen of the Audit, Compensation and Stock Option, and Pension and Welfare Plans Oversight Committees receive an additional retainer of \$3,000 per year. Each member of a Committee receives a fee of \$1,000 for each committee meeting attended. Directors who are officers of the Corporation or of any subsidiary do not receive the annual retainer fee or a meeting fee for their service on the Board of Directors or any committee.

The Corporation has a Plan for Deferred Payment of Directors' Fees under which directors may elect in advance to defer payment of fees to future periods.

Effective with retirements occurring after December 31, 1986, directors are eligible to participate in a retirement income plan if they have at least five years of service on the date of retirement and are not eligible to receive pension benefits from the Corporation or any of its subsidiaries. If a retiring director has at least ten years of service and is age 70 or over at retirement, he or she is entitled to a life annuity equal to the annual retainer fee at retirement. Reduced benefits are available if the director has less than ten years of service or if retirement occurs before age 70. Surviving spouse benefits are available in some cases.

Each director of the Corporation is entitled to free transportation on United, free lodging and discounted food and beverage service at Westin, and complimentary rental of automobiles from Hertz. Effective January 1, 1986, the Compensation and Stock Option Committee approved a plan to reimburse directors for additional income taxes resulting from the taxation of these benefits. The cost of supplying these

benefits for all directors in 1986, including cash payments made in January, 1987 for income tax liability for the directors who are not included in the Cash Compensation Table, was \$171,775. The cash payments for income tax liability for Messrs. Cowan, Ferris, Hartigan, Mullikin and Olson are reflected in the Cash Compensation Table.

Certain Relationships and Related Transactions

The Corporation and its subsidiaries had agreements in 1986 in the ordinary course of business with companies with which some of the Corporation's directors are associated in their principal occupations, including credit agreements and loans extended by Seattle-First National Bank and by Manufacturers Hanover Trust Company whose Chief Executive Officers are, respectively, Richard P. Cooley and John F. McGillicuddy. The terms and interest rates under these agreements were similar to those prevailing at the time for comparable transactions by other persons and which banks charge their customers who have credit ratings comparable to that of the Corporation and its subsidiaries. The transactions are not deemed material to such persons and similar transactions are anticipated to occur in the future.

Securities Beneficially Owned by Directors and Officers

The following table sets forth the number of shares of Common Stock of the Corporation beneficially owned as of March 2, 1987, by all directors and nominees and by directors and officers of the Corporation, as a group. None of the directors, nominees or officers own any shares of the Corporation's Prior Preferred Stock.

<u>Name of Director and Group</u>	<u>Number of Shares(1)</u>
Neil A. Armstrong.....	300
Andrew F. Brimmer	170(2)
Richard P. Cooley.....	683
John L. Cowan.....	26,703(3)
E. Mandell de Windt.....	250
Richard J. Ferris.....	96,898(4)
James J. Hartigan.....	33,983(5)
William M. Jenkins	8,000
Juanita M. Kreps.....	100
Charles F. Luce.....	1,400
Fujio Matsuda.....	100
John F. McGillicuddy.....	500
Harry Mullikin.....	32,119(6)
James J. O'Connor	200
Frank A. Olson.....	3,850(7)
Nicholas R. Petry.....	2,200
Directors and Officers as a Group (25 persons).....	234,480(8)

- (1) No director or officer of the Corporation individually owns one percent of the outstanding shares of Common Stock. The directors and officers as a group own less than one percent of the Common Stock deemed outstanding.
- (2) Includes 40 shares owned by Dr. Brimmer's wife and 25 owned by his daughter.

- (3) Includes 25,576 shares which Mr. Cowan has the right to acquire within 60 days of March 2, 1987, by the exercise of stock options.
- (4) Represents 95,051 shares which Mr. Ferris has the right to acquire within 60 days of March 2, 1987, by the exercise of stock options and 1,847 shares held in a charitable trust over which Mr. Ferris has investment power.
- (5) Includes 30,417 shares which Mr. Hartigan has the right to acquire within 60 days of March 2, 1987, by the exercise of stock options.
- (6) Includes 28,299 shares which Mr. Mullikin has the right to acquire within 60 days of March 2, 1987, by the exercise of stock options.
- (7) Represents 3,850 shares which Mr. Olson has the right to acquire within 60 days of March 2, 1987, by the exercise of stock options.
- (8) Includes 210,217 shares which persons in the group have the right to acquire within 60 days of March 2, 1987, by the exercise of stock options; the 65 shares referred to in note (2); and the 1,847 shares referred to in note (4).

Executive Compensation

The following table shows all cash compensation paid during or with respect to the 1986 fiscal year for services rendered in all capacities to the Corporation and its subsidiaries by each of the executive officers of the Corporation, the President and Chief Executive Officer of United, the Chairman and Chief Executive Officer of Westin and the Chairman and Chief Executive Officer of Hertz.

Cash Compensation Table

<u>Name of Individual or Number in Group</u>	<u>Capacities in Which Served</u>	<u>Salary(1)</u>	<u>Incentive Bonus(2)</u>
John L. Cowan.....	Vice Chairman and Chief Financial Officer of UAL, Inc.	\$ 337,106	—
Richard J. Ferris	Chairman, President and Chief Executive Officer of UAL, Inc.; Chairman of United	\$ 578,981	—
James J. Hartigan	President and Chief Executive Officer of United	\$ 477,446	—
Harry Mullikin.....	Chairman and Chief Executive Officer of Westin	\$ 341,771	\$139,233
Frank A. Olson.....	Chairman and Chief Executive Officer of Hertz	\$ 407,201	\$110,000
All executive officers as a group (12 persons which include the 9 executive officers of the Corporation)		\$3,354,518	\$249,233

(1) Amounts included consist of salary payments for the 1986 fiscal year; amounts deferred pursuant to section 401(k) of the Internal Revenue Code and non-qualified deferred compensation plans; and income tax reimbursements for taxable United, Westin, and Hertz travel benefits.

(2) These amounts represent bonus awards made in 1986 for 1985 service.

None of the individuals listed above received other compensation not reported elsewhere in this statement in excess of the lesser of \$25,000 or ten percent of his cash compensation; nor did the aggregate amount of other compensation received by the group listed above exceed the lesser of \$25,000 times the number of persons in the group or ten percent of the group's cash compensation.

COMPENSATION PURSUANT TO PLANS

Pension Plans

Officers of the Corporation and the Subsidiaries participate in pension plans qualified under the Internal Revenue Code, which provide them with a defined benefit at retirement. The amount of the normal retirement benefit under these plans is determined as a percentage of final average compensation (highest five of last ten years of covered compensation), based upon years of participation. In the case of the Corporation, United and Westin, the retirement benefit amount is offset by the participant's estimated Social Security benefit; the Hertz retirement benefit amount is not offset by the Social Security benefit. Compensation covered by the plans includes only base compensation in the case of Westin's qualified plan; and includes all cash compensation in the case of the Corporation, United and Hertz. Set forth below is a table indicating annual pension benefits applicable under the plans to participants in specified remuneration and years of service classifications (United and UAL benefits are shown on the first line, Hertz benefits on the second, and Westin benefits on the third):

Final Five Years Average Earnings	Years of Participation in Plan					
	15	20	25	30	35	40
375,000	94,522	125,810	157,317	188,825	220,332	229,707
	88,906	118,541	148,176	177,811	207,446	237,082
	94,441	125,921	157,401	188,881	220,362	232,500
425,000	107,392	142,940	178,737	214,535	250,332	260,957
	100,876	134,501	168,126	201,751	235,376	269,002
	107,303	143,071	178,839	214,606	250,374	263,500
475,000	120,262	160,070	200,157	240,245	280,332	292,207
	112,846	150,461	188,076	225,691	263,306	300,922
	120,166	160,221	200,276	240,331	280,387	294,500
525,000	133,132	177,200	221,577	265,955	310,332	323,457
	124,816	166,421	208,026	249,631	291,236	332,842
	133,028	177,371	221,714	266,056	310,399	325,500
575,000	146,002	194,330	242,997	291,665	340,332	354,707
	136,786	182,380	227,976	273,571	319,167	364,763
	145,891	194,521	243,151	291,781	340,412	356,500
625,000	158,872	211,460	264,417	317,375	370,332	385,957
	148,756	198,341	247,927	297,511	347,096	396,682
	158,753	211,671	264,589	317,506	370,424	387,500
675,000	171,742	228,590	285,837	343,085	400,332	417,207
	160,726	214,301	267,876	321,452	375,026	428,602
	171,616	228,821	286,026	343,231	400,437	418,500

The above illustration is based on retirement at age 65 and selection of a straight life annuity (other annuity options are available, which would reduce the amounts shown above). Credited service with the Corporation and the Subsidiaries for persons named in the cash compensation table is as follows: Mr. Cowan—8 years; Mr. Ferris—24 years; Mr. Hartigan—37 years; Mr. Mullikin—33 years; and Mr. Olson—20 years. The amounts shown have been reduced by the current estimated Social Security benefit in the case of the Corporation, United and Westin, but the amounts do not reflect limitations imposed by the Employee Retirement Income Security Act of 1974 ("ERISA") on retirement benefits which may be paid under plans qualified under the Internal Revenue Code. The Corporation and the Subsidiaries have agreed to provide under non-qualified plans retirement benefits which would otherwise be subject to ERISA limitations.

The Corporation has entered into a supplemental retirement agreement with Mr. Ferris which provides additional benefits upon his retirement at any time after completing 29 years of service with the Corporation and its affiliates. Under the agreement, Mr. Ferris will be credited with additional years of service and his base salary for purposes of determining pension payments will be deemed to include the salary that he would have received during such additional years based upon actuarial assumptions regarding salary increases during that period. The number of additional years of credited service will initially be seven and will decline ratably over the seven-year period following his completion of 29 years of service.

Stock Option Plans

The Corporation maintains a 1969 Qualified Stock Option Plan and a 1981 Incentive Stock Program. These plans provide for the grant of options for periods of up to ten years to key employees of the Corporation and its affiliates to purchase the Corporation's Common Stock at prices equal to at least 100% of value on the date of grant. The 1981 Incentive Stock Program also provides for the issuance of stock appreciation rights with respect to the Corporation's Common Stock. No more options may be granted under the 1969 Qualified Stock Option Plan. Both plans are administered by the Corporation's Compensation and Stock Option Committee. Both plans have been previously approved by the shareholders.

The tabulation below shows as to the persons named in the Cash Compensation Table, and as to all current executive officers of the Corporation as a group, the following information with respect to stock options and stock appreciation rights: (i) the options and stock appreciation rights granted from January 1, 1986 to December 31, 1986, (ii) the average per share exercise price, and (iii) the net value of securities realized during such period upon the exercise of options:

	John L. Cowan	Richard J. Ferris	James J. Hartigan	Harry Mullikin	Frank A. Olson	All Executive Officers as a Group
Granted—1/1/86 to 12/31/86:						
Number of Shares	10,020	23,320	18,570	11,470	14,680	108,080(1)
Average per share exercise price	58.25	58.25	58.25	58.25	58.25	58.25
Exercised—1/1/86 to 12/31/86:						
Number of Shares	0	0	0	12,994	0	20,991
Net value of securities (market value less exercise price)	—	—	—	\$508,390	—	\$765,329

(1) Stock appreciation rights were issued in tandem with all of the option grants to the five named individuals and to all of the UAL executive officers. Upon exercise of these rights, the holders will receive in cash the excess of the value of the shares at the date of exercise over the exercise price.

Other Plans

The Corporation has an Incentive Compensation Plan for key employees and officers of the Corporation and the Subsidiaries. The grant of awards and the size thereof depends upon the degree to which each company's financial targets approved by the Corporation's Compensation and Stock Option Committee are reached or exceeded, and the extent to which individual performance objectives set by each company's management (or by the Compensation and Stock Option Committee in the case of the Corporation's Chief Executive Officer and the Chief Executive Officers of United, Hertz and Westin) are attained or exceeded. Performance is measured annually and awards are vested in the year awarded. Awards may be paid in the year awarded or may be deferred, pursuant to a prior election by a participant, to a period selected by the participant. Awards made in 1986 for 1985 performance of Mr. Olson and Mr. Mullikin are stated in the Cash Compensation Table. No awards were made to employees of the Corporation or United.

The Corporation and United each maintains a split-dollar insurance program, which provides officers, including Messrs. Cowan, Ferris, and Hartigan, a life insurance benefit equal to three times the insured's annual base salary. The employer pays the insurance premium for the first seven years, and the insured pays the premium thereafter. The employer recovers its premium from the cash value of the policy at the insured's termination of service or retirement.

The Corporation and the Subsidiaries provide financial planning services for their senior executive officers, and Messrs. Ferris, Hartigan, Olson and Mullikin received financial planning services during 1986 valued at \$4,000; \$4,868; \$753; and \$8,774, respectively.

PROPOSAL NO. 2

APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors, at the recommendation of the Audit Committee, has appointed, subject to approval by the shareholders, the firm of Arthur Andersen & Co., as independent public accountants, to examine the financial statements of the Corporation for the year 1987. During 1986, approximately 80% of the total fees received by Arthur Andersen & Co. from the Corporation and the Subsidiaries were for non-audit services, primarily attributable to assistance being provided to United on a major systems project, which is expected to be completed in 1988. Arthur Andersen & Co. was selected for this project after a proposal process that included competitive bidding. The Board of Directors has determined that the non-audit services performed by Arthur Andersen & Co. will not impair the independence of the firm.

Arthur Andersen & Co. has acted as independent public accountants for the Corporation since its incorporation and for United and its predecessor corporation for many years. That firm has advised the Corporation that neither it nor any partner thereof has any financial interest, direct or indirect, in the Corporation or any affiliate thereof. It is anticipated that a representative of Arthur Andersen & Co. will be present at the meeting and will have the opportunity to make a statement, if he desires to do so, and will be available to respond to appropriate questions at that time.

If the shareholders do not approve the appointment of Arthur Andersen & Co., the selection of independent public accountants will be reconsidered by the Board of Directors.

The Board of Directors recommends a vote FOR the approval of the appointment of Arthur Andersen & Co. as independent public accountants for the Corporation for 1987.

PROPOSAL NO. 3

AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO CHANGE THE NAME OF THE CORPORATION

The Board of Directors has unanimously proposed an amendment to Article First of the Corporation's Restated Certificate of Incorporation (the "Certificate") to change the name of the Corporation to "Allegis Corporation" and unanimously recommends that the Company's shareholders approve the amendment. The full text of the amendment is set forth in Exhibit A.

The Board of Directors has recommended this change in the Corporation's name in order to call the public's attention to the transformation in the Corporation's business which has taken place over the last several years. Rather than being a holding company providing primarily air transportation, the Corporation has become a comprehensive travel services company, providing air travel, rental cars, hotel accommodations, tour packages, reservations services and special marketing services to meet the needs of travelers worldwide.

The name Allegis was selected by the Board of Directors after extensive research revealed that Allegis is readily associated with the qualities important to the Corporation—International leadership in travel services. Hertz, United and Westin will continue to use their current names and benefit from the prestige and reputations associated with these names. In addition, Allegis will permit all the companies to unite under one strong identity.

The proposed change of name would not affect, in any way, the validity or transferability of the Corporation's stock certificates presently outstanding, and shareholders would not be required to surrender for exchange any certificates now held by them. The proposed change would not affect in any way the capital or corporate structure of the Corporation.

The Board of Directors recommends a vote FOR the approval of the Amendment to the Restated Certificate of Incorporation to change the name of the Corporation to Allegis Corporation.

PROPOSAL NO. 4

AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO LIMIT LIABILITY OF DIRECTORS AND TO EXPAND INDEMNIFICATION RIGHTS OF DIRECTORS AND OFFICERS

The Corporation proposes to amend Article Sixth of its Restated Certificate of Incorporation to limit the personal liability of directors to the Corporation or its shareholders for monetary damages for breach of fiduciary duty and to define and expand the rights of certain individuals, including the Corporation's directors and officers, to indemnification by the Corporation in the event of personal liability or expenses incurred by them as a result of certain litigation against them.

The full text of the proposed amendment is set forth in Exhibit C hereto, which shareholders are urged to read carefully.

Background and Reasons for the Proposed Amendment

In performing their duties, directors of a Delaware corporation are obligated as fiduciaries to exercise their business judgment and act in what they reasonably determine in good faith, after appropriate consideration, to be in the best interests of the corporation and its shareholders. Decisions made on that basis are protected by the so-called "business judgment rule" and should not be second-guessed by a court in the event of a lawsuit challenging such decisions. The business judgment rule is designed to protect directors from personal liability to the corporation or its shareholders when their business decisions are subsequently challenged. However, the expense of defending lawsuits, the frequency with which unwarranted litigation is brought against directors and the inevitable uncertainties with respect to the outcome of applying the business judgment rule to particular facts and circumstances mean that, as a practical matter, directors and officers of a corporation rely on indemnity from, and insurance procured by, the corporation they serve as a financial backstop in the event of such expenses or unforeseen liability. The Delaware legislature has recognized that adequate insurance and indemnity provisions are often a condition of an individual's willingness to serve as a director of a Delaware corporation. Delaware law has for some time specifically permitted corporations to provide indemnity and procure insurance for their directors and officers.

Recent changes in the market for directors and officers liability insurance have resulted in the unavailability for directors and officers of many corporations of any meaningful liability insurance coverage. Limitations on the scope of insurance coverage, along with high deductibles and low limits of liability, have undermined meaningful directors and officers liability insurance coverage. Although the Corporation has to date been able to obtain insurance coverage for directors and officers, the Corporation has experienced the increase in premiums and decrease in coverage of certain substantive areas which is symptomatic of the problems in the liability insurance industry. Moreover, the

Corporation's current policies expire yearly. Hence, the Corporation is exposed to yearly renegotiation of premiums and coverage, as well as cancellation, in the future. The proposed amendment is designed to provide certain protections for the directors and officers if insurance coverage continues to decrease or becomes unavailable. Although there can be no assurance that adoption of the amendment will enable the Corporation more readily to obtain greater coverage on its directors and officers liability insurance or to reduce the cost thereof, the Board of Directors believes that the proposed amendment may favorably affect, over the long-term, the cost, amount and scope of such insurance available to the Corporation.

In recent years, the inability of corporations to provide meaningful director and officer liability insurance has had a damaging effect on the ability of public corporations to recruit and retain corporate directors. Although the Corporation has not directly experienced this problem, the Board believes that the Corporation should take every possible step to ensure that it will continue to be able to attract the best possible officers and directors. The proposed amendment may increase the secondary liability of the Corporation with respect to matters within the scope of the indemnification to the extent not covered by insurance maintained by the Corporation.

Recognizing the potential threat to Delaware corporations caused by the changes in the market for liability insurance for directors and officers, in June 1986 the Delaware legislature enacted amendments of the Delaware General Corporation Law ("DGCL") (i) to permit Delaware corporations to limit or eliminate personal liability of directors under certain circumstances by means of an amendment to the certificate of incorporation approved by shareholders, and (ii) to clarify the ability of corporations to provide substitute protection, in the form of indemnity.

The purpose of the proposed amendment and the reason it is being recommended to shareholders is to ensure that the Corporation will continue to be able to attract individuals of the highest quality and ability to serve as its officers and directors. The directors of the Corporation may benefit from the proposed amendment and therefore have an interest in its adoption. However, for the reasons set forth above, the Board of Directors believes that the adoption of the proposal is in the best interests of the Corporation and its shareholders. The Corporation is not aware of any recent past, pending or threatened claims against any of the directors which would have been or would be affected by the proposed amendment.

Approval of the proposed amendment to the Corporation's Restated Certificate of Incorporation requires the affirmative vote of the holders of a majority of the shares of the Corporation's Common Stock and Prior Preferred Stock entitled to vote at the annual meeting, voting together as a single class. It is the Corporation's position that approval of the amendment by the shareholders would prevent a shareholder from challenging the validity of any indemnification provided by the Corporation pursuant to and in accordance with the provisions of the amendment.

Description of the Proposed Amendment

Elimination of Directors' Liability in Certain Circumstances. Paragraph (a) of proposed Article Sixth provides that a director shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for paying a dividend or approving a stock repurchase in violation of Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit.

Paragraph (a) of proposed Article Sixth would protect the directors against personal liability from breaches of their duty of care. Under Delaware law, absent adoption of Paragraph (a) of proposed Article Sixth directors of the Corporation can be held liable for gross negligence in the performance of their duty of care but not for simple negligence. If adopted by the shareholders, Paragraph (a) of proposed Article Sixth would absolve directors of liability for negligence in the performance of their duties, including gross negligence. Directors would remain liable for breaches of their duty of loyalty to the Corporation and its shareholders, as well as acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law and transactions from which a director derives improper personal benefit. Paragraph (a) would not absolve directors of liability under Section 174 of the DGCL, which makes directors personally liable for unlawful dividends or unlawful stock repurchases or redemptions and expressly sets forth a negligence standard with respect to such liability.

While the new Delaware law has not been the subject of any judicial interpretation, the Board believes that, except for the circumstances specified in the statute and Paragraph (a) of proposed Article Sixth, Paragraph (a) will be effective to eliminate monetary liability of directors for a breach of fiduciary duty in connection with future mergers and other business combination transactions involving the Corporation.

Although Paragraph (a) of proposed Article Sixth provides directors with protection from awards of monetary damages for breaches of the duty of care, it does not eliminate the directors' duty of care. Accordingly, Paragraph (a) of proposed Article Sixth would have no effect on the availability of equitable remedies such as an injunction, or rescission based upon a director's breach of the duty of care. Equitable remedies, however, may not always be adequate relief. Paragraph (a) would eliminate the right of the Corporation or its shareholders to receive monetary damages in connection with all breaches of the duty of care.

Furthermore, liabilities which may arise out of acts or omissions occurring prior to the filing of an amendment containing Paragraph (a) would not be covered by Paragraph (a) so that directors would remain potentially liable for monetary damages in connection with any such acts or omissions. In addition, Paragraph (a) would apply only to claims against a director arising out of his role as a director and would not apply, if he is also an officer, to his role as an officer or in any capacity other than that of a director or to his responsibilities under any other law, such as the Federal securities law. Since the amendment to the DGCL which permits Paragraph (a) was only recently enacted, there has not been any judicial interpretation of the scope of the provision, and therefore the potential outcome of any litigation arising out of interpretations of the new statute cannot be ascertained at this time.

Expansion of Directors' and Officers' Indemnification Rights. Paragraphs (b) through (e) of proposed Article Sixth of the Restated Certificate of Incorporation would replace present Article Sixth, which provides that directors and officers shall be indemnified by the Corporation to the fullest extent permitted by law against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation—a "derivative action") if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. The phrase "to the fullest extent permitted by law" is intended to pick up future statutory law changes, as well as any pertinent court decisions interpreting the DGCL or which may increase the scope of permissible indemnification beyond that specifically provided for in the DGCL. In the case of derivative actions indemnification only extends to expenses (including attorneys' fees) incurred in connection with defense or settlement of such an action and the DGCL requires court approval before

there can be any indemnification where the person seeking indemnification has been found liable to the corporation.

Paragraph (b) of Proposed Article Sixth would provide that each person who was or is made a party to, or is involved in, any action, suit or proceeding by reason of the fact that he is or was a director or officer of the Corporation (or was serving at the request of the Corporation as a director, officer, employee or agent for another entity) while serving in such capacity shall be indemnified and held harmless by the Corporation, to the full extent authorized by the DGCL, as in effect (or, to the extent indemnification is broadened, as it may be amended) against all expense, liability or loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) reasonably incurred by such person in connection therewith. Paragraph (b) would further provide that rights conferred thereby shall be contract rights and shall include the right to be paid by UAL the expenses incurred in defending the proceedings specified above in advance of their final disposition provided that such payment shall only be made upon delivery to UAL by the indemnified party of an undertaking, if the DGCL so requires, to repay all amounts so advanced if it shall ultimately be determined that the person receiving such payment is not entitled to be indemnified under Article Sixth or otherwise. Paragraph (b) provides that UAL may, by action of its Board of Directors, provide indemnification to its employees and agents with the same scope and effect as the foregoing indemnification of directors and officers. The Board of Directors has not yet determined what action, if any, it will take with respect to indemnification of its employees and agents under Paragraph (b), and will make such determination on a case-by-case basis.

Paragraph (c) provides that persons indemnified under Paragraph (b) may bring suit against the Corporation to recover unpaid amounts claimed thereunder, and that if such suit is successful, the expense of bringing such suit shall be reimbursed by the Corporation. Paragraph (c) further provides that while it is a defense to such a suit that the person claiming indemnification has not met the applicable standards of conduct making indemnification permissible under the DGCL, the burden of proving the defense shall be on the Corporation and neither the failure of UAL's Board of Directors to have made a determination that indemnification is proper, nor an actual determination that the claimant has not met the applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Paragraph (d) provides that the right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in Paragraphs (b) and (c) shall not be exclusive of any other right which any person may have or acquire under any statute, provision of the Certificate or By-Laws, or otherwise. Finally, Paragraph (e) provides that the Corporation may maintain insurance, at its expense, to protect itself and any of its directors, officers, employees or agents against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

The Board of Directors has not yet determined the particular procedures that will be used in determining whether or not a particular person is entitled to indemnification under the proposed amendment.

The provisions of proposed Paragraphs (b) through (e) change the current provisions in Article Sixth in several respects. Proposed Paragraph (b) makes the directors' and officers' right to indemnification a contract right and inures to the benefit of his or her heirs, executors and administrators. The current provision in Article Sixth does not provide that the right to indemnification is a contract right. Proposed Paragraph (b) modifies the current Article Sixth provision, by making advances by the Corporation of expenses incurred in defending a proceeding mandatory provided that, if required by Delaware law, the

person seeking such advances provides an undertaking to the Corporation to repay all amounts so advanced if it shall ultimately be determined that the person receiving such expenses is not entitled to be indemnified. The current Article Sixth provision allows advances at the discretion of the Board of Directors. Proposed Paragraph (c) adds a new provision which explicitly provides that any person claiming indemnification may sue the Corporation for payment of any loss incurred, that the Corporation in that case will have the burden of proving that the claimant has not met the standards of conduct which make it permissible to indemnify the person for the amount claimed under Delaware law and that neither the failure by the Board of Directors, independent legal counsel or the Corporation's shareholders to determine whether indemnification is proper, nor an adverse determination of any of such persons, will be a defense or create a presumption that the person has not met the applicable standard of conduct. Proposed paragraph (c) is essentially similar to the current provisions in Article Sixth which provide that the rights of indemnification provided under the Certificate of Incorporation shall not be exclusive of any other right which any person may have. Finally, proposed Paragraph (e) explicitly provides that the Company may maintain insurance against expenses, liability or losses whether or not such items are subject to indemnification under Delaware law. No such explicit provision is contained in current Article Sixth.

The proposed amendment to the Corporation's Restated Certificate of Incorporation will replace current Article Sixth, as discussed above. If the shareholders do not approve the amendment, Article Sixth of the Restated Certificate of Incorporation will remain in its current form. In such a case, the Board of Directors has not yet determined what action, if any, it would take with respect to indemnification of directors and officers. However, the Board of Directors reserves the right to take such other actions with respect to indemnification of directors and officers as permitted by the DGCL.

The Board of Directors recommends a vote FOR the approval of the Amendment to the Restated Certificate of Incorporation to limit the liability of directors and to expand indemnification rights of directors and officers.

OTHER MATTERS

The Board of Directors knows of no other proposals to be presented for consideration at the meeting, but if other matters do properly come before the meeting, the persons named in the proxy will vote the shares according to their best judgment.

SUBMISSION OF SHAREHOLDER PROPOSALS

Any shareholder who wishes to present a proposal for consideration at the Annual Meeting of Shareholders to be held in 1988 must submit such proposal in accordance with rules promulgated by the Securities and Exchange Commission. In order for a proposal to be presented at the 1988 Annual Meeting, the shareholder must notify the Corporation of his or her intention to do so and submit, in writing, such proposal to the Corporation, to be received by it no later than December 3, 1987 in order for the proposal to be included in the proxy statement and the form of proxy relating to the 1988 Annual Meeting. Such notice and the form of the proposal should be addressed to the Secretary of the Corporation, UAL, Inc., P.O. Box 66919, Chicago, Illinois 60666.

GENERAL

A copy of the Annual Report for the year ended December 31, 1986 has been mailed, under separate cover, to each shareholder. Additional copies of the Annual Report and of the Notice of Annual Meeting and Proxy Statement and accompanying proxy may be obtained from Kissel-Blake, Inc., 80 Broad Street, New York, New York 10004, or from the Secretary of the Corporation.

The Corporation has retained Kissel-Blake, Inc., 80 Broad Street, New York, New York, to assist in the solicitation of proxies, primarily from brokers, banks and other nominees, for an estimated fee of \$8,500. The Corporation will, upon request, reimburse brokers, banks and other nominees for costs incurred by them in forwarding proxy material and the Annual Report to beneficial owners of stock of the Corporation. In addition, directors, officers and regular employees of the Corporation and its subsidiaries, at no additional compensation, may solicit proxies by telephone, telegram or in person. All expenses in connection with soliciting management proxies for the Annual Meeting of Shareholders, including the cost of preparing, assembling and mailing the Notice of Annual Meeting and Proxy Statement and accompanying proxy, are to be paid by the Corporation.

In order to assure the presence of the necessary quorum at the Annual Meeting, please sign and mail the enclosed proxy promptly in the envelope provided. No postage is required if mailed within the United States. The signing of a proxy will not prevent your attending the meeting and voting in person, should you so desire.

If you expect to attend the meeting, please mark the proxy card in the space provided so that we may send you an admission card.

By order of the Board of Directors,

JOSEPH T. KANE
Vice President and Secretary

April 1, 1987

YOUR VOTE IS IMPORTANT

Please mark, date and sign the accompanying proxy card and return it in the envelope provided as promptly as possible so that you will be represented at the meeting whether or not you expect to attend. If you plan to be present at the meeting, please mark the proxy card in the space provided and we will send you an admission card.

**PROPOSED AMENDMENT OF THE RESTATED CERTIFICATE OF INCORPORATION
TO CHANGE THE CORPORATION'S NAME**

RESTATED CERTIFICATE OF INCORPORATION

OF

ALLEGIS CORPORATION

The present name of the corporation is Allegis Corporation. The corporation was incorporated under the name of UAL, Inc., the original Certificate of Incorporation having been filed with the Secretary of State of Delaware on December 30, 1968. The within Restated Certificate of Incorporation of the corporation was duly adopted by the directors and stockholders of the corporation in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware. The capital of the corporation will not be reduced under or by reason of any amendment in the within Restated Certificate of Incorporation.

FIRST. The name of the corporation is

ALLEGIS CORPORATION

**PROPOSED AMENDMENTS TO ARTICLE SIXTH OF THE RESTATED
CERTIFICATE OF INCORPORATION**

SIXTH. (a) A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer, of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators: *provided, however, that*, except as provided in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this Article Sixth shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition: *provided, however, that*, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article Sixth or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(c) If a claim under paragraph (b) of this Article Sixth is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or

In part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard or conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(d) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article Sixth shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

(e) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

UAL, Inc.

P.O. Box 66919

Chicago, Illinois 60666

United Air Lines, Inc.

Westin Hotel Company

The Hertz Corporation

THE WORLD

**WORLDWIDE
DIRECTORY**



WORLDWIDE
DIRECTORY



UNITED AIRLINES

UAL, INC.
PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF
UAL, INC. FOR ANNUAL MEETING APRIL 30, 1987

The undersigned holder of 5½% CUMULATIVE PRIOR PREFERRED STOCK of UAL, Inc. hereby appoints Richard J. Ferris, Charles F. Luce and Richard P. Cooley, or any of them, with full power of substitution, to act as proxy for and to vote the stock of the undersigned at the Annual Meeting of shareholders of UAL, Inc. to be held in the Grand Ballroom, The Westin Plaza Hotel, Fifth Avenue at 59th Street, New York, New York, on April 30, 1987, or any adjournment thereof:

A vote FOR Items 1, 2, 3 and 4 is recommended by the Board of Directors.

1. Election of Directors

FOR all nominees listed below (except as marked to the contrary)

WITHHOLD AUTHORITY to vote for all nominees listed below

Neil A. Armstrong, Andrew F. Brimmer, Richard P. Cooley, John L. Cowan, E. Mandell de Windt, Richard J. Ferris, James J. Hartigan, William M. Jenkins, Juanita M. Kreps, Charles F. Luce, Fujio Matsuda, John F. McGillicuddy, Harry Mullikin, James J. O'Connor, Frank A. Olson, Nicholas R. Petry

Instruction: To withhold authority to vote for any individual nominee, write that nominee's name in the space provided.

-
2. For Against Abstain Ratification of Appointment of Independent Accountants
3. For Against Abstain Change the Name of the Corporation to Allegis Corporation
4. For Against Abstain Limit Liability and Expand Indemnification Rights of Directors and Officers
5. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH SPECIFICATIONS MADE, BUT IF NO CHOICES ARE INDICATED, THIS PROXY WILL BE VOTED FOR ITEMS 1, 2, 3 and 4.

Signed _____ Dated this ____ day of _____, 1987.

All joint owners of shares should sign. State full title when signing as executor, administrator, trustee, guardian, etc.

UAL INC.

Proxy Solicited on Behalf of the Board of Directors of UAL, Inc. for Annual Meeting April 30, 1987

The undersigned holder of Common Stock of UAL, Inc. hereby appoints Richard J. Ferris, Charles F. Lucas and Richard P. Cooley, or any of them, with full power of substitution, to act as proxy for and to vote the stock of the Undersigned at the Annual Meeting of Shareholders of UAL, Inc. to be held in the Grand Ballroom, The Westin Plaza Hotel, Fifth Avenue at 58th Street, New York, New York, on April 30, 1987, or any adjournment thereof:

A vote FOR items 1, 2, 3 and 4 is recommended by the Board of Directors

1. Election of Directors
 FOR all nominees listed below (except as marked to the contrary) WITHHOLD AUTHORITY to vote for all nominees listed below
Neil A. Armstrong, Andrew F. Bittner, Richard P. Cooley, John L. Cowan, E. Mandell de Windt, Richard J. Ferris, James J. Hartigan, William M. Jenkins, Juanita M. Kieps, Charles F. Lucas, Fujo Masuda, John F. McGillivuddy, Harry Mullikin, James J. O'Connor, Frank A. Olson, Nicholas R. Perry
Instruction: To withhold authority to vote for any individual nominee, write that nominee's name in the space provided.
2. For Against Abstain Ratification of Appointment of Independent Accountants
3. For Against Abstain Change the name of the Corporation to Allegis Corporation
4. For Against Abstain Limit Liability and Expand Indemnification Rights of Directors and Officers
5. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

IMPORTANT — This proxy must be signed and dated on the reverse side.

P R O X Y

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH SPECIFICATIONS MADE, BUT IF NO CHOICES ARE INDICATED, THIS PROXY WILL BE VOTED FOR ITEMS 1, 2, 3 and 4.

CEDE & CO. Record holder and nominee for Custodian of _____
UAT, Inc. Employees' Stock Purchase Plan _____

Executed this _____ day of _____, 1987.

Please sign exactly as name appears at top.

Admission Card requested.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH SPECIFICATIONS MADE, BUT IF NO CHOICES ARE INDICATED, THIS PROXY WILL BE VOTED FOR ITEMS 1, 2, 3 and 4.

Signed _____ Dated this _____ day of _____, 1987.

Please sign exactly as name or names appear at left. All joint owners of shares should sign. Sign full as when signing as executor, administrator, trustee, guardian, etc.

Admission Card requested.

UAL INC

Proxy Solicited on Behalf of the Board of Directors of UAL, Inc. for Annual Meeting April 30, 1987

The undersigned holder of Common Stock of UAL, Inc. hereby appoints Richard J. Ferris, Charles F. Luce and Richard P. Cooley, or any of them, with full power of substitution, to act as proxy for and to vote the stock of the Undersigned at the Annual Meeting of shareholders of UAL, Inc. to be held in the Grand Ballroom, The Westin Plaza Hotel, Fifth Avenue at 59th Street, New York, New York, on April 30, 1987, or any adjournment thereof:

A vote FOR Items 1, 2, 3 and 4 is recommended by the Board of Directors

1. Election of Directors
- FOR all nominees listed below (except as marked to the contrary) WITHHOLD AUTHORITY to vote for all nominees listed below
- Neil A. Armstrong, Andrew F. Brimmer, Richard P. Cooley, John L. Cowan, E. Mandell de Windt, Richard J. Ferris, James J. Hartigan, William M. Jenkins, Juanita M. Krepes, Charles F. Luce, Fujio Masuda, John F. McGillicuddy, Harry Mulikin, James J. O'Connor, Frank A. Olson, Nicholas R. Peary
- Instruction: To withhold authority to vote for any individual nominee, write that nominee's name in the space provided.

2. For Against Abstain Ratification of Appointment of Independent Accountants
3. For Against Abstain Change the name of the Corporation to Allegis Corporation
4. For Against Abstain Limit Liability and Expand Indemnification Rights of Directors and Officers
5. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.
- IMPORTANT — This proxy must be signed, see stated on the reverse side.**

PROXY



END

FILMED

APRIL 1987

BECHTEL

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