

PG&E CORP
Form 4
July 05, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
HERRINGER MARYELLEN C

(Last) (First) (Middle)
90 SEA VIEW AVENUE
(Street)

PIEDMONT,, CA 94611

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
PG&E CORP [PCG]

3. Date of Earliest Transaction
(Month/Day/Year)
07/03/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Securities Acquired (A)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Pr Deri Secu (Instr. 3 and 4)
--	------------------------------------	--------------------------------------	--	--------------------------------	--------------------------------------	--	---	----------------------------------

Edgar Filing: PG&E CORP - Form 4

Derivative Security			or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom Stock	(1)	07/03/2006		A		283.09	(2)	(3)	(3)	Common Stock	283.09 \$ 3

Reporting Owners

Reporting Owner Name / Address	Relationships				Date
	Director	10% Owner	Officer	Other	
HERRINGER MARYELLEN C 90 SEA VIEW AVENUE PIEDMONT,, CA 94611			X		07/05/2006

**Signature of Reporting Person

Signatures

Eric Montizambert, Attorney-In-Fact for Maryellen C. Herringer (signed Power of Attorney on file with SEC) 07/05/2006

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 1 for 1
- (2) Phantom stock acquired upon deferral of compensation under the Deferred Compensation Plan for Non-Employee Directors; exempt under Rule 16b-3(d).
- (3) Phantom stock is payable in accordance with the terms of the Deferred Compensation Plan for Non-Employee Directors.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. mily:Times New Roman"

SIZE="1">	62,000	\$301,320	Cash Incentive(1)	4/1/2009	3/31/2009	\$300,000	\$600,000	\$1,200,000	AIP
Award(2)	\$326,431	\$652,861	\$1,305,722						

Tague, John

Options 4/1/2009	3/31/2009	147,500	\$4.86	\$542,815	RSUs 4/1/2009	3/31/2009	98,000	\$476,280	Cash
Incentive(1)	4/1/2009	3/31/2009	\$475,000	\$950,000	\$1,900,000	AIP Award	\$297,933	\$595,866	\$1,191,732

Atkinson, Graham

Options 4/1/2009	3/31/2009	38,700	\$4.86	\$142,420	RSUs 4/1/2009	3/31/2009	25,800	\$125,388	Cash
Incentive(1)	4/1/2009	3/31/2009	\$125,000	\$250,000	\$500,000	AIP Award	\$222,064	\$444,128	\$888,257

(1) Amounts disclosed represent target, threshold and maximum possible payouts pursuant to the cash incentive awards granted under the ICP for the three-year performance period beginning January 1, 2009 and ending December 31, 2011.

Edgar Filing: PG&E CORP - Form 4

(2) Amounts disclosed represent target, threshold and maximum possible payouts under the Company's AIP for 2009, before individual performance-based adjustments (if any).

(3) As explained in the Compensation Discussion and Analysis, the Company maintains another non-equity incentive plan referred to as the Profit Sharing Plan. The Profit Sharing Plan contains no threshold or maximum payout amounts. Rather, payout amounts relate solely to the level of the Company's pre-tax earnings (no payouts occur if pre-tax earnings are less than \$10 million). Due to the structure of the Profit Sharing Plan, the SEC disclosure rules do not require any disclosure relating to estimated payout levels under the Profit Sharing Plan in the Grants of Plan-Based Awards table.

Narrative to 2009 Summary Compensation Table and Grants of Plan-Based Awards Table

The following is a description of material factors necessary to understand the information disclosed in the 2009 Summary Compensation Table and the Grants of Plan-Based Awards table. This description is intended to supplement the information included in the Compensation Discussion and Analysis.

Employment Agreements with Messrs. Tilton and McDonald

As a general policy, the Company does not enter into employment agreements with its executive officers or other employees. However, to induce Mr. Tilton to become the Company's chief executive officer, the Company and Mr. Tilton entered into an employment agreement on September 5, 2002. Mr. Tilton's agreement has been amended on several occasions, most recently on September 25, 2008, to address the requirements of Section 409A of the Internal Revenue Code. The agreement terminates on September 1, 2011. In addition, to induce Mr. McDonald to remain with the Company after his receipt of a competitive offer of employment, the Company and Mr. McDonald entered into an employment agreement on September 29, 2006. The parties entered into an amendment to the agreement on May 15, 2008, in connection with Mr. McDonald's appointment to the position of Chief Administrative Officer. The term of the agreement expires on October 1, 2010.

Table of Contents

The following describes the material terms of the agreements with Messrs. Tilton and McDonald that were in effect during 2009.

Annual base salary. At the time his agreement was entered into, Mr. Tilton's annual base salary was set at \$950,000. After the Company entered bankruptcy, the base salaries of all executive officers were reduced several times. As a result of these reductions, at the beginning of fiscal year 2006, Mr. Tilton's annual base salary was approximately \$606,000. Under the September 29, 2006 amendment to Mr. Tilton's agreement, his base salary was increased to \$850,000 effective as of September 1, 2006. Mr. McDonald's annual base salary was set at \$700,000 effective as of October 1, 2006. The Subcommittee annually reviews the base salary for each individual and considers salary adjustments as it deems appropriate. Mr. Tilton's base salary was not adjusted in 2007, 2008 or 2009 at his request.

Annual bonus. Messrs. Tilton and McDonald are entitled to participate in the Company's Performance Incentive Plan or other annual bonus plan approved by the Board of Directors. For fiscal year 2009, this meant that each executive was covered under the AIP. Mr. Tilton's agreement provides that his annual bonus target opportunity will be equal to 100% of annual base salary and a maximum bonus opportunity equal to 200% of annual base salary. Mr. McDonald's agreement provides that his annual bonus target opportunity under the AIP will be equal to no less than 85% of his then current annual base salary for any fiscal year.

Long-term incentive plans. Messrs. Tilton and McDonald are entitled to participate in all long-term incentive plans administered by the Company and to receive awards each year under such plans; provided that neither executive is entitled to an award in any year in which substantially all other senior executives of the Company do not receive long-term incentive awards.

Retention payments to Mr. McDonald. In 2006, as an inducement to enter into his employment agreement with the Company and in consideration for the cancellation of certain previously awarded stock options and restricted stock, and his agreement to be bound by certain restrictive covenants, the Company contributed \$2.6 million into an irrevocable trust (the Trust) under which Mr. McDonald (or his estate) was the sole beneficiary. In May 2008, the Company made an additional contribution to the Trust in the amount of \$820,000 in consideration for Mr. McDonald's continued employment with the Company as Chief Administrative Officer. Please refer to Narrative to Nonqualified Deferred Compensation Table for additional information on the Trust.

Other benefit arrangements. Messrs. Tilton and McDonald are entitled to participate in all employee benefit plans, practices, and programs maintained by the Company and made available to its senior executives. For fiscal year 2009, this meant that each executive participated in or was provided the following: (i) certain health and welfare arrangements which are also provided to all management employees of the Company; (ii) 401(k) plan and excess 401(k) cash benefit plan (Company contributions to the 401(k) plan and payments of excess 401(k) cash benefits are reflected in amounts disclosed in the All Other Compensation column and in the footnote to the column); (iii) certain perquisites and supplemental life insurance benefits (which are identified in a footnote to the foregoing referenced column); and (iv) paid vacation benefits consistent with the Company policy for senior executives.

Severance benefits and restrictive covenants. Each executive is entitled to certain benefits upon qualifying terminations of employment. As a condition to receiving these benefits, each executive is also subject to certain restrictive covenants that apply following termination of employment. The extent and nature of these benefits and restrictive covenants are described below under Other Payments Upon Termination or Change in Control.

Table of Contents

Short-Term Incentive Awards

Annual Incentive Plan (AIP)

As described in the Compensation Discussion and Analysis, the Company maintained a short-term incentive program in 2009, which we refer to as the AIP. The AIP program provided eligible employees, including the named executive officers, the opportunity to earn annual incentive awards based upon the achievement of certain predefined performance goals.

Individual Award Opportunity. For each of the three equally-weighted metrics: customer satisfaction, reliability and financial performance, there were three performance levels: threshold, target and maximum. The threshold and maximum payouts were 50% and 200% of target, respectively. If the threshold performance level was not met for a particular metric, employees were not entitled to a payout with respect to that metric. If the Company's performance fell between the threshold, target and maximum, employees would be entitled to a pro-rated award, contingent on the Company meeting the overarching financial performance threshold.

The individual award opportunity for each executive was set as a percentage of base salary: 60% for Senior Vice Presidents, 85% for Executive Vice Presidents and 100% for Mr. Tilton. Ms. Mikells' target opportunity was increased from 60% to 85% of base salary in conjunction with her promotion to Executive Vice President, effective August 1, 2009. No other adjustments to AIP opportunities were made for executive officers in 2009.

The amount of each named executive officer's award opportunity is disclosed in the Grants of Plan-Based Awards Table. At the discretion of the Subcommittee, each named executive officer's incentive award under the AIP may be increased or decreased based on individual performance during the year.

2009 Performance. The 2009 actual performance levels as compared to the goal for each metric were as follows:

	Target	Actual Performance
Customer Satisfaction: United Promoters Score	30.1%	27.4%
Reliability: Consolidated On Time Arrival:14	82.7%	80.8%
Financial: Adjusted Pre-tax Margin	1.2%	(6.5)%

Although the actual performance for Customer Satisfaction and Reliability exceeded the threshold for payout, the Company's performance did not meet the overarching financial performance threshold of EBITDAR less capital expenditures, and therefore no awards were paid under the AIP program for 2009.

Long-Term Incentive Awards

Pursuant to the ICP, the Company may grant to the named executive officers, as well as other eligible employees, incentive and non-qualified stock options, restricted stock, stock appreciation rights, performance compensation awards, performance units, cash incentive awards and other forms of stock-based compensation. As described under Compensation Discussion and Analysis, on April 1, 2009, the Company made a general grant under the ICP to senior management, including the named executive officers, consisting of stock options, restricted stock units and cash incentive opportunities. Throughout the year, the Subcommittee also made ordinary course grants of similar awards to employees other than the named executive officers in the context of hirings and promotions.

Table of Contents

Stock Options and Restricted Stock Units (RSUs). Each executive received approximately 25% of the grant date value of their 2009 ICP award in the form of non-qualified stock options and approximately 25% in the form of RSUs. The principal terms and conditions of the these awards were as follows.

Vesting. Each option and RSU award vests in three equal annual installments beginning April 1, 2010. Vesting is accelerated and the awards become immediately exercisable in full in the event of (i) a change of control as defined under the ICP, or (ii) termination of employment due to death or disability.

Forfeiture. Upon termination of employment for any reason other than death or disability, any unvested portion of an award will be immediately forfeited unless otherwise determined by the Subcommittee.

Exercise and term of stock options. Each option award has an exercise price of \$4.86 and may be exercised solely to the extent vested. The option awards expire on 3/31/2019.

Settlement of RSUs. Upon each vesting date, the portion of the RSU award that is vesting will be settled in either cash or shares of UAL common stock at the discretion of the Subcommittee. For example, if 100 RSUs were vesting, the participant would receive either 100 shares of UAL common stock or a cash payment equal to 100 multiplied by the closing price of UAL common stock on the day prior to the vesting date, less applicable taxes. For the April 1, 2010 vesting, the Subcommittee determined to settle the RSUs in cash.

Cash Incentive Opportunity. The long-term cash incentive opportunity for each named executive officer is tied to the Company's achievement of the enterprise performance metrics and goals that are utilized under the AIP.

Performance Period. Performance is measured over a three-year period beginning January 1, 2009 and ending December 31, 2011.

Achievement of Performance Goals. For each year during the three-year performance period, executives may earn an amount equal to 1/3 of the total target cash incentive award opportunity multiplied by the level of the Company's achievement of the applicable performance goals under the AIP for that year. The overarching financial performance threshold, if any, would also apply.

Vesting and Payment. The awards will vest in full and be paid out on April 1, 2012. Each named executive officer would receive a prorated cash payout at the target performance level in the event of (i) a change of control as defined under the ICP, or (ii) termination of employment due to death or disability, prior to that date.

Forfeiture. Upon termination of employment for any reason other than death or disability prior to April 1, 2012, any unvested portion of an award will be immediately forfeited unless otherwise determined by the Subcommittee.

Since the AIP performance criteria were not satisfied for 2009, no amounts were earned for the 2009 portion of the cash incentive opportunity.

Table of Contents**Outstanding Equity Awards at 2009 Fiscal Year-End**

The following table presents information regarding the outstanding equity awards held by each named executive officer as of December 31, 2009.

Name	Grant Year	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Restricted Stock That Have Not Vested (#) ⁽²⁾	Market Value of Shares of Restricted Stock That Have Not Vested (\$) ⁽³⁾	Number of Restricted Stock Units That Have Not Vested (#) ⁽⁴⁾	Market Value of Restricted Stock Units That Have Not Vested (\$) ⁽⁵⁾	
Tilton, Glenn	2006	109,600	54,800	\$ 34.18	01/31/2016	109,000	\$ 1,407,190		
	2006	109,600	54,800	\$ 35.91	01/31/2016				
	2006	109,600	54,800	\$ 35.65	01/31/2016				
	2009		400,000	\$ 4.86	03/31/2019			275,000	\$ 3,550,250
Mikells, Kathryn	2006	9,616	2,408	\$ 34.18	01/31/2016	4,788	\$ 61,813		
	2006	9,616	2,408	\$ 35.91	01/31/2016				
	2006	9,616	2,408	\$ 35.65	01/31/2016				
	2008	12,500	37,500	\$ 16.59	11/02/2018			22,500	\$ 290,475
	2009		93,000	\$ 4.86	03/31/2019			62,000	\$ 800,420
McDonald, Peter	2006	21,933	21,933	\$ 34.18	01/31/2016				
	2006	21,933	21,933	\$ 35.91	01/31/2016				
	2006	21,933	21,933	\$ 35.65	01/31/2016				
	2009		93,000	\$ 4.86	03/31/2019			62,000	\$ 800,420
Tague, John	2006	43,866	21,934	\$ 34.18	01/31/2016	43,600	\$ 562,876		
	2006	74,735	21,935	\$ 35.91	01/31/2016				
	2006	43,866	21,935	\$ 35.65	01/31/2016				
	2008	15,500	46,500	\$ 7.22	06/10/2018			9,750	\$ 125,873
	2009		147,500	\$ 4.86	03/31/2019			98,000	\$ 1,265,180
Atkinson, Graham	2006	16,350	5,454	\$ 34.18	01/31/2016	17,098	\$ 220,735		
	2006	16,354	5,451	\$ 35.91	01/31/2016				
	2006	16,354	5,451	\$ 35.65	01/31/2016				
	2006	31,250	12,500	\$ 34.55	10/24/2016				
	2009		38,700	\$ 4.86	03/31/2019			25,800	\$ 333,078

⁽¹⁾ For option awards granted in 2006, this reflects the last 20% of each award, which vested on 2/1/10. With respect to the option awards granted to Ms. Mikells and Mr. Tague during 2008, each award vests equally over four years beginning on 11/3/2009 with respect to Ms. Mikells' award and 6/11/2009 with respect to Mr. Tague's award. Option awards granted in 2009 vest equally over three years beginning on 4/1/2010.

⁽²⁾ For restricted stock awards granted in 2006, this reflects the last 20% of each award, which vested on 2/1/10. Restricted stock awards granted to Ms. Mikells and Mr. Tague during 2008 vest equally over four years beginning 11/3/2009 for Ms. Mikells and 6/11/2009 for Mr. Tague.

⁽³⁾ Market value is calculated based on the number of unvested shares as of 12/31/09 multiplied by the closing share price of UAL common stock on 12/31/09, which was \$12.91.

⁽⁴⁾ Restricted stock unit (RSU) awards granted in 2009 vest equally over three years beginning 4/1/2010.

⁽⁵⁾ Market value is calculated based on the number of unvested RSUs as of 12/31/09 multiplied by the closing share price of UAL common stock on 12/31/09, which was \$12.91.

Table of Contents**Option Exercises and Stock Vested for 2009**

The following table presents information regarding the vesting of restricted stock awards during 2009. There were no exercises of options during the year.

Name	Option Awards		Restricted Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized
	Acquired on Exercise (#)	on Exercise (\$)	Acquired on Vesting (#)	on Vesting (\$) ⁽¹⁾
Tilton, Glenn			109,000	\$ 1,028,960
Mikells, Kathryn			12,285	\$ 94,970
McDonald, Peter				
Tague, John			46,850	\$ 424,974
Atkinson, Graham			17,097	\$ 161,396

⁽¹⁾ Value realized on vesting was calculated by multiplying the number of shares that vested by the closing share price of the Company's common stock on the vesting date.

Nonqualified Deferred Compensation Table

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions	Contributions	Earnings (Loss) in	Withdrawals/	Balance
	in Last FY (\$)	in Last FY (\$)	Last FY (\$)	Distributions (\$)	at Last FYE (\$)
McDonald, Peter	\$ 0	\$ 0	\$ (40,891)	\$ 2,172,442	\$ 0

Narrative to Nonqualified Deferred Compensation Table

As described above under Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table, the Company made a \$2,600,000 contribution to the Trust in February 2006. Subsequently, in May 2008, Mr. McDonald forfeited his right to any severance pay or benefits upon termination (except in the case of termination following a change of control) in exchange for consideration that included an additional \$820,000 contribution by the Company to the Trust.

Mr. McDonald's rights with respect to the assets of the irrevocable trust and the related earnings were originally scheduled to vest equally over a three-year period beginning February 1, 2008 and ending February 1, 2010. In connection with the May 2008 amendment, the Company agreed to accelerate the vesting schedule such that Mr. McDonald would become fully vested with respect to all assets in the Trust on February 1, 2009, provided he remained employed by the Company as of such date.

Northern Trust Corporation acted as the trustee for the Trust and managed the Trust's assets pursuant to the written investment guidelines provided by Mr. McDonald. Mr. McDonald was permitted to modify the guidelines from time to time by notice to Northern Trust Corporation. In the absence of such guidelines, Northern Trust Corporation invested the assets of the Trust in short term securities of the U.S. Government. Mr. McDonald received a (1.89)% time-weighted rate of return on the assets held by the Trust for the period from January 1, 2009 to February 1, 2009.

The Trust assets vested in full on February 1, 2009, and the remaining principal was paid to Mr. McDonald at that time. The Company also agreed to make special payments to Mr. McDonald to cover any income and employment tax liability that he incurred upon the vesting of any portion of the Trust assets. The amount of such special payments made to Mr. McDonald during 2009 is disclosed in the All Other Compensation column of the Summary Compensation Table. Mr. McDonald was responsible for the payment of any taxes that arose due to his receipt of Trust earnings.

Table of Contents**Other Payments Upon Termination or Change in Control**

This section quantifies and describes potential payments that may be made to each named executive officer at, following, or in connection with the resignation, severance, retirement, or other termination of the named executive officer or a change of control of the Company occurring on December 31, 2009. These benefits are in addition to benefits generally available to salaried employees.

**Estimate of Mr. Tilton's Other Potential Post-Employment Payments
Involuntary
Termination**

Type of Payment	without Cause or Voluntary Termination with Good Reason Unrelated to a			Change In Control Only (\$)	Change In Control and Termination without Cause or with Good Reason (\$)
	Change In Control (\$)	Death (\$)	Disability (\$)		
Cash Severance	3,400,000				5,100,000
Long-Term Incentives					
Stock Options Unvested and Accelerated Awards	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000
Restricted Stock Unvested and Accelerated Awards	1,407,190	1,407,190	1,407,190	1,407,190	1,407,190
RSUs Unvested and Accelerated Awards	3,550,250	3,550,250	3,550,250	3,550,250	3,550,250
Prorated Cash Incentive Award	866,667	866,667	866,667	866,667	866,667
Health and Welfare Benefits					
Continuation of Health & Welfare Benefits	18,102				27,153
Life Insurance Payment		2,800,000			
Perquisites and Tax Payments					
Outplacement Services	25,000				25,000
Retiree Travel Benefit	23,683	11,841	23,683		23,683
Tax Gross-Up on Retiree Travel Benefit	119,240	59,620	119,240		119,240
Total	\$ 12,630,132	\$ 11,915,568	\$ 9,187,030	\$ 9,044,107	\$ 14,339,183

**Estimate of Mr. McDonald's Other Potential Post-Employment Payments
Involuntary
Termination**

Type of Payment	without Cause or Voluntary Termination with Good Reason Unrelated to a			Change In Control Only (\$)	Change In Control and Termination without Cause or with Good Reason (\$)
	Change In Control (\$)	Retirement (\$)	Death (\$)		
Cash Compensation					* see below
Long-Term Incentives					
Stock Options Unvested and Accelerated Awards			748,650	748,650	748,650
RSUs Unvested and Accelerated Awards			800,420	800,420	800,420
Pro-rated Cash Incentive Opportunity			200,000	200,000	200,000
Health and Welfare Benefits					
Continuation of Health & Welfare Benefits					22,773
Life Insurance Payment			2,555,000		
Perquisites and Tax Payments					

Edgar Filing: PG&E CORP - Form 4

Outplacement Services	25,000						25,000
Retiree Travel Benefit	11,355	11,355	6,624	11,355			11,355
Tax Gross-Up on Retiree Travel Benefit	51,152	51,152	29,839	51,152			51,152
Total	\$ 87,507	\$ 62,507	\$ 4,340,533	\$ 1,811,577	\$ 1,749,070	*\$	1,859,350

* Pursuant to the terms of his employment agreement, Mr. McDonald previously forfeited his right to cash severance except in the case of termination without cause or good reason following a change in control. Under those circumstances, he would be entitled to a lump sum cash severance payment equal to (1) the value of any cash severance payable to another executive vice president under a Change of Control Agreement, less (2) \$2,179,750, the amount of certain special retention payments he received in 2008.

Table of Contents

Estimate of Ms. Mikells Other Potential Post-Employment Payments				
Involuntary				
Type of Payment	Termination			Change In
	without Cause (\$)	Death (\$)	Disability (\$)	Control Only (\$)
Cash Compensation	2,220,000			
Long-Term Incentives				
Stock Options Unvested and Accelerated Awards		748,650	748,650	748,650
Restricted Stock Unvested and Accelerated Awards		352,288	352,288	352,288
RSUs Unvested and Accelerated Awards		800,420	800,420	800,420
Pro-rated Cash Incentive Opportunity		200,000	200,000	200,000
Health and Welfare Benefits				
Continuation of Health & Welfare Benefits	22,773			
Life Insurance Payment		2,050,000		
Perquisites and Tax Payments				
Outplacement Services	25,000			
Travel Benefit	2,424	8,890	12,755	
Tax Gross-Up on Travel Benefit	19,793	72,587	104,147	
Total	\$ 2,289,990	\$ 4,232,835	\$ 2,218,260	\$ 2,101,358

Estimate of Mr. Tague s Other Potential Post-Employment Payments				
Involuntary				
Type of Payment	Termination			Change In
	without Cause (\$)	Death (\$)	Disability (\$)	Control Only (\$)
Cash Compensation	2,841,878			
Long-Term Incentives				
Stock Options Unvested and Accelerated Awards		1,451,960	1,451,960	1,451,960
Restricted Stock Unvested and Accelerated Awards		688,749	688,749	688,749
RSUs Unvested and Accelerated Awards		1,265,180	1,265,180	1,265,180
Pro-rated Cash Incentive Opportunity		316,667	316,667	316,667
Health and Welfare Benefits				
Continuation of Health & Welfare Benefits	22,773			
Life Insurance Payment		2,550,000		
Perquisites and Tax Payments				
Outplacement Services	25,000			
Travel Benefit	2,998	6,932	11,712	
Tax Gross-Up on Travel Benefit	21,338	49,334	83,357	
Total	\$ 2,913,987	\$ 6,328,822	\$ 3,817,625	\$ 3,722,556

Table of Contents**Estimate of Mr. Atkinson's Other Potential Post-Employment Payments**

Type of Payment	Involuntary Termination without Cause or Voluntary Termination with Good Reason Unrelated to a Change In Control (\$)	Retirement (\$)	Death (\$)	Disability (\$)	Change In Control Only (\$)
Cash Compensation	1,933,265				
Long-Term Incentives					
Stock Options Unvested and Accelerated Awards			311,535	311,535	311,535
Restricted Stock Unvested and Accelerated Awards		220,735	220,735	220,735	220,735
RSUs Unvested and Accelerated Awards			333,078	333,078	333,078
Pro-rated Cash Incentive Opportunity			83,333	83,333	83,333
Health and Welfare Benefits					
Continuation of Health & Welfare Benefits	15,839				
Life Insurance Payment			1,818,000		
Perquisites and Tax Payments					
Outplacement Services	25,000				
Retiree Travel Benefit	30,077	30,077	15,038	30,077	
Tax Gross-Up on Retiree Travel Benefit	170,688	170,688	85,344	170,688	
Total	\$ 2,174,869	\$ 421,500	\$ 2,867,063	\$ 1,149,446	\$ 948,681

The Company has entered into certain agreements and maintains certain plans that will require the Company to pay compensation and provide certain benefits to each named executive officer, following, or in connection with a termination of employment or a change of control of the Company. The material terms and conditions relating to these payments and benefits in effect on December 31, 2009 are described below.

All Circumstances Involving Mr. Tilton's Termination of Employment Other than Termination by the Company for Cause or Voluntary Termination Without Good Reason

Under all circumstances involving termination of Mr. Tilton's employment on December 31, 2009 shown in the table above, he would have been entitled to the following:

Immediate vesting of all outstanding and unvested stock options, shares of restricted stock and RSUs that were unvested as of December 31, 2009 (options, restricted shares and RSUs vested on February 1 and April 1, 2010 are still considered unvested for purposes of the above estimates);

Payment of target cash incentive opportunity pro-rated to the date of termination; and

Extension of exercise period for outstanding stock options to five years (twelve months in the event of termination due to disability) from the date of termination (generally, exercise period ends three months following a termination of employment).

Involuntary Termination of Each Executive Without Cause or Voluntary Termination of Mr. Tilton or Mr. McDonald for Good Reason

If the executive's employment with the Company was terminated without cause or, with respect to Messrs. Tilton or McDonald, for Good Reason, the executive would have been entitled to the following:

For Mr. Tilton, a lump-sum payment of cash severance benefit in an amount equal to two times (three times in the event termination occurs during the 24-month period following a change of control of the Company) the sum of his base salary and his 2009 target annual incentive opportunity under the AIP;

Table of Contents

For Ms. Mikells and Messrs. Tague and Atkinson, payment of cash severance in an amount equal to two times the sum of the executive's base salary and target annual incentive opportunity, payable in equal installments on the normal payroll cycle over a period of two years following the date of termination;

For Mr. McDonald, in the event termination occurs during the 24-month period following a change of control of the Company, he would be entitled to:

a lump sum payment of cash severance equal to (1) the value of any cash severance payable to another executive vice president under a Change of Control Agreement, less (2) the special retention payments of \$2,179,750;

continuation of certain health and welfare benefits for a period of two years following the date of termination (or until the date the Mr. McDonald becomes covered under a subsequent employer's medical and dental plan, if earlier); and

payment of a gross-up to make him whole for any excise tax imposed as a result of Section 280G of the Internal Revenue Code, provided that if Mr. McDonald's payments do not exceed 110% of the total amounts that could be paid to him without resulting in the excise tax, the payments will instead be reduced and he will not be entitled to an excise tax gross-up.

Continuation of certain health and welfare benefits for each executive other than Mr. McDonald for a period of two years following the date of termination (three years for Mr. Tilton in the event termination occurs during the 24-month period following a change of control of the Company);

Provision of outplacement services to each named executive officer; and

Provision of retiree travel benefits to Messrs. Tilton, McDonald and Atkinson and continued officer travel benefits for Ms. Mikells and Mr. Tague for a period of two years following the date of termination.

Termination Due to Disability or Death on December 31, 2009

If the executive's employment with the Company was terminated due to disability or death on December 31, 2009, the executive or the executive's estate (if applicable) would have been entitled to the following payments and benefits:

Immediate vesting of long-term incentive awards unvested as of December 31, 2009, including a pro-rated cash incentive award paid at target (options and restricted shares vested on February 1, 2009 are still considered unvested for purposes of the above estimates);

Extension of exercise period for outstanding stock options to one year from the date of termination (generally, exercise period ends three months following a termination of employment);

Provision of retiree or continued officer travel benefits (in the case of death, spousal travel benefits);

In the case of disability, monthly benefits under applicable disability policies; and

In the case of death, proceeds of life insurance benefits as determined under applicable life insurance policies.

Termination Due to Retirement on December 31, 2009

If Mr. McDonald's or Mr. Atkinson's employment with the Company was terminated due to retirement on December 31, 2009, each executive would have been entitled to the following payments and benefits:

Immediate vesting of all outstanding and unvested stock options granted pursuant to the MEIP;

Extension of exercise period for outstanding stock options to remaining term of option for MEIP awards and three years for ICP awards (generally, exercise period ends three months following a termination of employment); and

Provision of retiree travel benefits.

Table of Contents**Change of Control on December 31, 2009**

If a change of control of the Company occurred on December 31, 2009, under the MEIP or the ICP, each executive would have been entitled to the immediate vesting of long-term incentive awards that were unvested as of December 31, 2009, including a pro-rated cash incentive award paid at target (options and restricted shares vested on February 1, 2009 are still considered unvested for purposes of the above estimates). Pursuant to the terms of the MEIP and the ICP, unvested restricted stock, RSUs and outstanding unvested options held by all participants, including the executives, would vest in the event of a change of control. The executives would not have received any additional change of control benefits outside of the MEIP and the ICP.

Reduction in Future Termination Benefits

Mr. Tilton's employment agreement provides that if his employment is terminated by the Company without cause or by him for good reason in the absence of a change of control, the Company will pay him a lump sum cash severance payment equal to the sum of his then-current base salary and then-current target bonus, multiplied by the lesser of (A) two and (B) a fraction, the numerator of which is the number of months (rounded up to the nearest whole month) that remain until Mr. Tilton attains the age of 65 and the denominator of which is 12. Therefore, if Mr. Tilton's employment terminates under those circumstances after he reaches age 63 but before age 65, the amount of his cash severance payment will be reduced by the number of months that have elapsed after age 63. Mr. Tilton's entitlement to continued health and welfare benefits and financial planning benefits will also be reduced by a corresponding number of months. These reductions would not apply in the event of a termination without cause or for good reason during the 24-month period following a change of control.

As of December 31, 2009, Mr. Tilton has not reached age 63, and therefore, his severance would have been equal to two times the sum of his base salary and target annual incentive opportunity if his employment had terminated at that time.

Material Defined Terms

The terms cause and good reason as used above are defined under Mr. Tilton's employment agreement and are set forth below. The definitions used in Mr. McDonald's employment agreement are substantially similar.

Cause means, in general, (i) a significant act or acts of personal dishonesty or deceit that have a material adverse effect on the Company taken by Mr. Tilton in the performance of his duties; (ii) the willful and continued failure by Mr. Tilton to substantially perform his material duties; (iii) Mr. Tilton's conviction of, or his entry of a plea of guilty or nolo contendere to, any felony (other than a felony predicated upon Mr. Tilton's vicarious liability); or (iv) the entry or any final civil judgment against him for fraud, misrepresentation, or misappropriation of property.

Good reason means, in general, (i) diminution of Mr. Tilton's position, authority, duties or responsibilities; (ii) reduction in Mr. Tilton's base salary; (iii) the relocation of Mr. Tilton's principal office to a location more than 50 miles from his current office; (iv) any purported termination by the Company of Mr. Tilton's employment except as otherwise permitted under his employment agreement; or (v) Mr. Tilton's failure to be reelected as a director and Chairman of the Board of the Company.

The term change of control as used above means, in general, the occurrence of any one of the following events: (i) certain acquisitions by a third-party or third-parties, acting in concert, of at least a specified threshold percentage of the Company's then outstanding voting securities; (ii) consummation of certain mergers or consolidations of the Company with any other corporation; (iii) stockholder approval of a plan of complete liquidation or dissolution of the Company; (iv) consummation of certain sales or dispositions of all or substantially all the assets of the Company; and (v) certain changes in the membership of the Company's board of directors.

Table of Contents**Restrictive Covenants and Release Requirement**

In exchange for the above described payments and benefits, the executives are subject to confidentiality, non-disparagement, and non-solicitation/non-compete covenants that are set forth in Mr. Tilton's employment agreement, Mr. McDonald's employment agreement, and the Company's Executive Severance Plan. The confidentiality covenant prohibits the executive from disclosing confidential information. The non-disparagement covenant prohibits the executive from making disparaging comments (oral or written) regarding the Company, or its officers, directors, employees, or stockholders. These two covenants are of an indefinite duration. The non-solicitation/non-compete covenant prohibits the executive, for a limited duration following termination of employment, from becoming employed by or providing services to any airline, air carrier or any company affiliated with an airline or air carrier and from soliciting or hiring certain employees of the Company for the benefit of any such company. In order to be entitled to the cash severance and continued employee benefits, each executive must also execute a release of claims in favor of the Company.

Methodologies and Assumptions used for Calculating Other Potential Post-Employment Payments

For purposes of quantifying the payments disclosed in the foregoing tables, the Company utilized the following assumptions and methodologies:

Date of triggering event: The date of each triggering event occurred on December 31, 2009.

Stock price: The price of a share of Company common stock on each triggering date was \$12.91, the closing market price of the Company's common stock on December 31, 2009, the last trading day of 2009.

Value of stock option awards subject to vesting acceleration: The value of each stock option award that was subject to vesting upon a triggering event was determined by multiplying the number of shares subject to the option that were unvested as of December 31, 2009, by the excess (if any) of the closing share price of the Company's common stock at year-end (i.e., \$12.91 per share) over the exercise price of the option.

Value of restricted shares and RSUs subject to vesting acceleration: The value of each restricted stock and RSU award that was subject to vesting upon a triggering event was determined by multiplying the number of shares or units subject to the award that were unvested as of December 31, 2009, by the closing share price of the Company's common stock at year-end (i.e., \$12.91 per share).

Value of pro-rated cash incentive award: Following a qualifying triggering event, each named executive officer is also entitled to payment of a pro-rated portion of the named executive officer's target cash incentive award opportunity under the ICP. Since each named executive officer is assumed to have incurred a termination of employment on December 31, 2009, the actual payment would be equal to 1/3 of the total 2009 target cash incentive opportunity.

Value of continuation of health and welfare benefits: The value of health and welfare benefits which are continued for a pre-defined period following certain qualifying triggering events was determined based on assumptions used for financial reporting purposes under Financial Accounting Standards Board Statement of Financial Accounting Standards No. 106 (Employer's Accounting for Postretirement Benefits Other Than Pensions), and includes only the portion of the benefits above and beyond what is provided to all management employees.

Value of retiree travel benefits: The value of retiree travel benefits was determined by utilizing the following assumptions: (i) both the executive and the executive's spouse utilizes the retiree travel benefit for a period of 20 years, (ii) the level of usage for each year is the same as the actual usage was for the executive and the executive's spouse for 2009, and (iii) the incremental cost to the Company for providing retiree travel benefits for each year is the same as the actual incremental cost incurred by the Company for

Edgar Filing: PG&E CORP - Form 4

providing travel benefits to the executive and the executive's spouse for 2009. On the basis of these assumptions, the Company determined the value of retiree travel benefits by calculating the present value of the assumed incremental cost of providing the benefit to the executive and the executive's spouse over a 20-year period using a discount rate of 5.30%.

Table of Contents

Value of travel benefits (not retiree eligible): The value of travel benefits which are continued for a period of two years following certain qualifying trigger events for Ms. Mikells and Mr. Tague was determined utilizing the same assumptions and methods utilized to determine the value of retiree travel benefits, except that the duration of the benefit is assumed to be two years and the applicable discount rate was 3.30%.

Determination of tax gross-up on retiree and non-retiree travel benefits: The tax gross-up on retiree and non-retiree travel benefits was determined utilizing the same three assumptions stated above under Value of retiree travel benefits. Using these assumptions, the Company determined the value of the gross-up by calculating the present value of the executive's assumed annual tax gross-up (the executive's 2009 tax gross-up) over a twenty year period for retirees using a discount rate of 5.30% and a two year period for non-retirees using a discount rate of 3.30%.

DIRECTOR COMPENSATION

The following table represents the amount of director compensation in 2009 for each director.

Name	Fees Earned	Share Unit Awards (\$)	All Other	Total (\$)
	or Paid in Cash (\$)		Compensation (\$) ⁽²⁾	
CURRENT DIRECTORS				
Richard J. Almeida	44,000 ⁽¹⁾	25,000	38,078	107,078
Mary K. Bush	40,000	25,000	5,349	70,349
Stephen R. Canale	0	0	771	771
W. James Farrell	68,500	25,000	15,818	109,318
Jane C. Garvey	11,435	25,000	0	36,435
Walter Isaacson	63,750 ⁽¹⁾	25,000	12,489	101,239
Robert D. Krebs	61,750	25,000	37,392	124,142
Robert S. Miller	40,000	25,000	9,134	74,134
Wendy J. Morse	0	0	0	0
James J. O'Connor	84,000	25,000	28,818	137,818
David J. Vitale	74,500	25,000	28,466	127,966
John H. Walker	45,000	25,000	23,726	93,726
FORMER DIRECTOR				
Stephen A. Wallach	0	0	10,631	10,631

⁽¹⁾ Messrs. Almeida and Isaacson elected to defer retainer and meeting fees earned during 2009 and received the compensation in the form of share units. Each share unit represents the economic equivalent of one share of UAL common stock, and the number of share units received was determined by dividing the fees earned by the average of the high and low sale prices of a share of the Company's common stock on the date of payment.

⁽²⁾ All other compensation represents (1) the total amounts paid to each director as reimbursement for taxes paid in connection with the director's positive space travel on United Airlines for 2009 and (2) with respect to non-employee directors, matching contributions to nonprofit organization(s) to which the director makes a personal commitment(s), as described below.

We do not pay directors who are employees of the Company additional compensation for their services as directors. To attract and retain the services of experienced and knowledgeable non-employee directors, the Company adopted the 2006 Director Equity Incentive Plan, which we refer to as the DEIP. Under the DEIP, non-employee directors may receive as compensation periodic awards, stock compensation or cash compensation. Periodic awards are equity-based awards including options, restricted stock, stock appreciation rights and/or shares that are granted to non-employee directors from time to time at the discretion of the Board.

Table of Contents

Retainer and Meeting Fees

For the year ended December 31, 2009, compensation for non-employee directors included the following:

annual retainer of \$20,000;

\$1,000 for each Board and Board committee meeting attended; and

an additional annual retainer of \$10,000 for the chairperson of the Finance, Nominating/Governance and Public Responsibility Committees, \$15,000 for the chairperson of the Human Resources Subcommittee and \$20,000 for the chairperson of the Audit Committee.

In addition, the Lead Director of the Board received an annual retainer of \$25,000.

Equity Compensation

During 2009, the Board approved an annual grant of share units for each non-employee director under the DEIP. The first annual grant was made on June 11, 2009 and consisted of \$25,000 of share units for each non-employee director. Each share unit represents the economic equivalent of one share of UAL common stock. Delivery of a cash payment in settlement of the share units will be made in January of the year following the calendar year in which the individual ceases to serve a director of the Company. The Board has approved a policy that each non-employee director must hold at least \$100,000 in fair market value of the Company's common stock (including share units or other derivative instruments) during each director's tenure on the Board.

Deferral Options under the DEIP

Non-employee directors may defer the receipt of some or all cash compensation through credits to a cash and/or share account established and maintained by the Company on behalf of the director. Non-employee directors may also defer the receipt of shares that would otherwise be issued under a periodic award through credits to his/her share account. Distribution from the cash and/or share accounts will be made, if in a lump sum, or will commence, if in installments, as soon as administratively practicable after January 1 of the year following the year the non-employee director terminates his/her position as a director of the Company.

Travel and Cargo Benefits

We consider it important for our directors to understand our business and to have exposure to our operations and employees. For that reason, we also provide free transportation and free cargo shipment on United to our directors and their spouses or enrolled friend and eligible dependent children. We reimburse our directors for income taxes resulting from actual use of the travel and shipment privileges. A director who retires from the Board with at least five years of Company creditable service will receive free travel and cargo benefits for life, subject to certain exceptions.

In addition, each non-employee director is entitled to ten roundtrip first class tickets each year for complimentary positive space travel that may be distributed to family and non-family members or donated to charity. Directors are not reimbursed for the income tax liability associated with this benefit.

Nonprofit Grant Program

We adopted a program in 2009 through which the Company provides support to nonprofit organizations to which a Board member makes a personal commitment in an aggregate amount of up to \$20,000 per year. In the case of each of the ALPA and IAM director, the Company will provide support to organizations to which the director or their respective union contributes up to \$20,000 per year in the aggregate.

Table of Contents

AUDIT COMMITTEE REPORT

UAL CORPORATION

UAL Corporation Audit Committee Report

To the Board of Directors of UAL Corporation:

We have reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2009.

We have discussed with Deloitte & Touche LLP the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

We have received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding communications with the Audit Committee concerning independence, and have discussed with Deloitte & Touche LLP their independence.

Based on the review and discussions referred to above, we recommend to the Board of Directors that the audited financial statements be included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2009.

Respectfully submitted,

David J. Vitale, Chairman

Richard J. Almeida

Mary K. Bush

Robert D. Krebs

Robert S. Miller

John H. Walker

PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Independent Public Accountants

Deloitte & Touche LLP was the Company's independent auditor for the fiscal year ended December 31, 2009. As previously disclosed, the Audit Committee has approved the appointment of Ernst & Young LLP, subject to the ratification by the stockholders, to serve as the Company's new independent auditors for the fiscal year ending December 31, 2010.

Audit Committee Pre-Approval Policy and Procedures

The Audit Committee of the UAL Board of Directors adopted a policy on pre-approval of services of independent accountants in October 2002. The policy provides that the Audit Committee shall pre-approve all audit and non-audit services to be provided to the Company and its subsidiaries and affiliates by its auditors. The process by which this is carried out is as follows:

For recurring services, the Audit Committee reviews and pre-approves Deloitte & Touche LLP's annual audit services and employee benefit plan audits in conjunction with the Committee's annual appointment of the outside auditors. The materials include a description of the services along with related fees. The Committee also reviews and pre-approves other classes of recurring services along with fee thresholds for pre-approved

Edgar Filing: PG&E CORP - Form 4

services. In the event that the pre-approval fee thresholds are met and additional services are required prior to the next scheduled Committee meeting, pre-approvals of additional services follow the process described below.

Table of Contents

Any requests for audit, audit-related, tax and other services not contemplated with the recurring services approval described above must be submitted to the Audit Committee for specific pre-approval and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings. However, the authority to grant specific pre-approval between meetings, as necessary, has been delegated to the Chairman of the Audit Committee. The Chairman must update the Committee at the next regularly scheduled meeting of any services that were granted specific pre-approval.

On a periodic basis, the Audit Committee reviews the status of services and fees incurred year-to-date and a list of newly pre-approved services since its last regularly scheduled meeting. Our Audit Committee has considered whether the 2009 non-audit services provided by Deloitte & Touche LLP are compatible with maintaining auditor independence.

Independent Accountant Fees

The aggregate fees billed for professional services rendered by Deloitte & Touche LLP in 2009 and 2008 are as follows:

Service	2009	2008
Audit Fees	\$ 3,050,800	\$ 3,807,300
Audit-Related Fees	492,200	2,065,479
Tax Fees	244,200	384,850
All Other Fees	34,050	165,800
Total	\$ 3,821,250	\$ 6,423,429

Audit Fees

Fees for audit services related to 2009 and 2008 consisted of audits of the Company's consolidated financial statements, limited reviews of the Company's consolidated quarterly financial statements, statutory audits of the Schedule of Passenger Facility Charges and statutory audits of certain subsidiaries' financial statements. The 2009 and 2008 audit fees also included the impact of the attestation work performed by Deloitte & Touche LLP related to Sarbanes-Oxley.

Audit-Related Fees

Fees for audit-related services billed in 2009 were for audits of employee benefit plans. Fees for audit-related services billed in 2008 consisted of audits for employee benefit plans, United Airlines Foundation and carve-out audits.

Tax Fees

Fees for tax services in 2009 and 2008 consisted of assistance with tax issues in certain foreign jurisdictions, tax consultation and bankruptcy tax assistance.

All Other Fees

Fees for all other services billed in 2009 and 2008 consisted of the preparation of employee payroll tax filings.

All of the services in 2009 and 2008 under the Audit-Related, Tax and All Other Fees categories above have been approved by the Audit Committee pursuant to paragraph (c)(7)(i)(c) of Rule 2-01 of Regulation S-X of the Exchange Act.

Table of Contents

Ratification of Appointment of Independent Public Accountants

As previously disclosed, the Audit Committee has approved the dismissal of Deloitte & Touche LLP and the appointment of Ernst and Young LLP, subject to the ratification by the stockholders, as the Company's independent registered public accounting firm to audit the Company's consolidated financial statements for fiscal year 2010.

The dismissal of Deloitte & Touche LLP was ratified by the Board and became effective on February 25, 2010, following the conclusion of Deloitte & Touche LLP's 2009 fiscal year audit for the Company. Deloitte & Touche LLP's reports on UAL's and United's consolidated financial statements for each of the years ended December 31, 2009 and December 31, 2008 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. During the years ended December 31, 2009 and December 31, 2008 and through the interim period between December 31, 2009 and the conclusion of Deloitte & Touche LLP's 2009 fiscal year audit for the Company, there were no disagreements between UAL or United and Deloitte & Touche LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which, if not resolved to Deloitte & Touche LLP's satisfaction, would have caused it to make reference to the subject matter of the disagreement in connection with its report for such years; and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

Subject to the ratification by the stockholders, the Audit Committee has appointed Ernst & Young LLP as the Company's new independent registered public accounting firm, effective for fiscal year 2010. During the years ended December 31, 2008 and December 31, 2007 and any subsequent interim period through July 22, 2009 (the date of engagement of Ernst & Young LLP), neither UAL nor United nor anyone acting on their behalf consulted Ernst & Young LLP with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on UAL's or United's consolidated financial statements, or any other matters or reportable events listed in Items 304(a)(1)(iv) and (v) of Regulation S-K. It is anticipated that representatives of Ernst & Young LLP will be present at the Annual Meeting and will have an opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from those attending the Annual Meeting.

The stockholders are being asked to ratify the appointment of Ernst & Young LLP as the independent public accountants for 2010. Although ratification is not required by law or the Company's Bylaws, the Board is submitting the appointment to the stockholders as a matter of good corporate governance. In the event of a negative vote on such ratification, the Audit Committee may reconsider its selection. Even if this appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interest of the Company and the stockholders.

The Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP

as the Company's independent registered public accountants for 2010.

Table of Contents

PROPOSAL NO. 3

AMENDMENT TO RESTATED CERTIFICATE OF INCORPORATION

Summary

We estimate that as of April 1, 2010, the Company has unused tax net operating losses (NOLs) in excess of \$9.0 billion. These NOLs are very valuable to the Company, because they can be used to shelter taxable income in the future and could help us avoid more than \$3 billion in cash taxes. The preservation of these NOLs is an important priority for the Company.

The Company's ability to utilize its NOLs could be lost if it were to undergo an ownership change within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (Section 382). In order to prevent such an ownership change from occurring, the Board of Directors now recommends an amendment to the Company's Restated Certificate of Incorporation that would extend for an additional three years the currently existing prohibition on transfers of shares by or to existing 5% stockholders or that would create new 5% stockholders without prior approval of the Board (the Ownership Limit). Other companies, including several of our competitor air carriers, have similar provisions in order to protect their NOLs.

Under this amendment, the Ownership Limit, which currently lapses on February 1, 2011, would be extended until February 1, 2014. Further extensions past 2014 would be permissible with the approval of the Board. As is currently the case, the Ownership Limit will not prohibit a 5% transaction if the transferor or transferee obtains the prior written approval of the Board or a duly authorized committee thereof. The Board strongly recommends a vote FOR this amendment.

Background of Section 382

Section 382 limits the use of NOLs by a company that has undergone an ownership change. Generally, an ownership change occurs if one or more stockholders, each of whom owns 5% or more in value of a company's capital stock, increase their aggregate percentage ownership by more than 50 percentage points over the lowest percentage of stock owned by such stockholders over the preceding three-year period. An ownership change could be caused by a significant stock transaction (including a merger or consolidation transaction), significant stock issuances or redemptions, or the aggregation of various smaller transactions by 5% stockholders (some of which are outside the Company's control).

If the Company were to undergo an ownership change, the amount of taxable income in any year (or portion of a year) subsequent to the ownership change that could be offset by NOLs existing prior to such ownership change could not exceed an amount equal to the product obtained by multiplying (1) the aggregate equity value of the Company on the date of the ownership change by (2) the federal long-term tax exempt rate (4.03% for April 2010), increased or decreased on account of certain built-in gains or built-in losses. If an ownership change were to occur, the imposition of this limitation amount could be a material limitation on the Company's ability to use its NOLs.

As of December 31, 2009, the Company's aggregate ownership percentage for purposes of Section 382 was approximately 12.25%. However, conversions or repurchases of the Company's currently outstanding convertible notes, with consideration paid in common stock, could raise this ownership percentage significantly. Extending the Ownership Limit would reduce the possibility that transactions in UAL common stock over which the Company would otherwise have no control could cause an ownership change for purposes of Section 382. If such an ownership change were to occur, it could adversely impact the Company's ability to utilize its substantial NOL carryforwards.

Description of the Proposed Amendment

The current Ownership Limit, which expires on February 1, 2011, generally restricts any attempted transfer of the Company's common stock by or to a person or group of persons who own, or who would own as a result of such transfer, 5% or more of the Company's common stock (a Prohibited Transfer). The proposed

Table of Contents

amendment would continue the Ownership Limit through February 1, 2014. The Board also would have the ability to extend the Ownership Limit beyond February 1, 2014, if necessary to continue to preserve the NOLs. Certain exceptions to the Ownership Limit now contained in the Company's Restated Certificate of Incorporation that are no longer relevant will be eliminated.

The Board at all times would retain the discretion to approve a transfer of the Company Stock that would otherwise violate the Ownership Limit. For example, the Board previously approved the acquisition of more than 5% of the Company Stock by two widely held mutual funds, which confirmed the Board's willingness to permit transfers by 5% stockholders where such transfers do not have a potential to harm the Company.

Potential Risks

Notwithstanding the Ownership Limit, there remains a risk that certain changes in relationships among stockholders or other events will cause a change of ownership to occur under Section 382. Further, there can be no assurance, in the event Prohibited Transfers are attempted, that the IRS will not assert that those transfers have federal income tax significance notwithstanding the Ownership Limit. As a result, the Ownership Limit serves to reduce, but not necessarily eliminate, the risk that Section 382 will cause the NOL limitations described above to apply. While similar Ownership Limits have been put in place by other corporations and we are not aware of any successful challenges to their enforceability, we understand that it remains a possibility that, if challenged by a stockholder, the Ownership Limit could be held unenforceable against all or certain stockholders. We do not believe that the extension of the Ownership Limit will adversely affect the continued listing of our common shares on Nasdaq.

Indirect Anti-Takeover Effect

The Ownership Limit may have an anti-takeover effect because it restricts the ability of a person or entity, or group of persons or entities, from accumulating in the aggregate at least 5% of our common stock or any other securities that would be treated as our stock under applicable tax regulations (referred to in this discussion as Company Stock) and the ability of a person or entity, or group of persons or entities, now owning 5% or more of the Company Stock from acquiring additional Company Stock. The Ownership Limit could be viewed as discouraging or prohibiting accumulations of substantial blocks of shares (for example, through a tender offer) for which stockholders might receive a premium above market value. The Ownership Limit may also be viewed as unfriendly to stockholders because it restricts certain stockholders' ability to acquire additional Company Stock in excess of the specified limitations and could affect a stockholder's ability to dispose of Company Stock.

In the Board's opinion, the fundamental importance to the Company and its stockholders of maintaining the availability of the NOLs substantially outweighs the indirect anti-takeover effect the Ownership Limit may have. In addition, the Board does not intend to discourage offers to acquire substantial blocks of Company Stock that would clearly improve stockholder value. In the case of any such proposed acquisition that the Board determines to be in the best interest of the Company and its stockholders, the Board would grant approval for such acquisition to proceed.

The Proposed Amendment to Section 5.2 of Article Fourth, Part VI of the Restated Certificate of Incorporation

The form of Section 5.2 of Article Fourth, Part VI of the Restated Certificate of Incorporation, as proposed to be amended in its entirety, follows:

5.2 Any attempted Transfer of Corporation Securities prior to the earliest of (A) February 1, 2014, or such later date as may be approved by a majority vote of the Board of Directors, (B) the repeal, amendment or modification of Section 382 of the Code (and any comparable successor provision) (Section 382) in such a way as to render the restrictions imposed by Section 382 no longer applicable to the Corporation, (C) the beginning of a taxable year of the Corporation (or any successor thereof) in which no Tax Benefits are available, and (D) the

Table of Contents

date on which the limitation amount imposed by Section 382 in the event of an ownership change of the Corporation, as defined in Section 382, would not be materially less than the net operating loss carryforward or net unrealized built-in loss of the Corporation (the Restriction Release Date), or any attempted Transfer of Corporation Securities pursuant to an agreement entered into prior to the Restriction Release Date, shall be prohibited and void ab initio so far as it purports to transfer ownership or rights in respect of such stock to the Purported Transferee (y) if the transferor is a Five-Percent Shareholder or (z) to the extent that, as a result of such Transfer (or any series of Transfers of which such Transfer is a part), either (1) any Person or group of Persons shall become a Five-Percent Shareholder other than by reason of Treasury Regulation Section 1.382-2T(j)(3) or any successor to such regulation or (2) the Percentage Stock Ownership interest in the Corporation of any Five-Percent Shareholder shall be increased; provided, that this paragraph 5.2 shall not apply to, nor shall any other provision in this Restated Certificate prohibit, restrict or limit in any way, the issuance of Corporation Securities by the Corporation in accordance with the Second Amended Joint Plan of Reorganization of the Corporation dated January 20, 2006 (the Chapter 11 Plan).

***The Board recommends a vote FOR the amendment of the Restated Certificate of Incorporation
to extend the 5% ownership limit.***

SUBMISSION OF STOCKHOLDER PROPOSALS FOR THE 2011 ANNUAL MEETING

If a stockholder of record wishes to submit a proposal for inclusion in next year's proxy statement, the proposal must be received by us no later than [] and otherwise comply with SEC rules. Failure to otherwise comply with SEC rules will cause the proposal to be excluded from the proxy materials. All notices must be submitted to the General Counsel and Secretary, UAL Corporation HDQLD, 77 W. Wacker Drive, Chicago, Illinois 60601.

Additionally, we must receive notice of any stockholder proposal to be submitted at next year's annual meeting of stockholders (but not required to be included in the related proxy statement) by [], or such proposal will be considered untimely pursuant to Rule 14a-4 under the Securities Exchange Act of 1934, as amended, and the persons named in the proxies solicited by management may exercise discretionary voting authority with respect to such proposal.

To propose business or nominate a director at the 2011 annual meeting, proper notice must be submitted by a stockholder of record no later than [] in accordance with our Bylaws. The notice must contain the information required by the Bylaws. No business proposed by a stockholder can be transacted at the annual meeting, and no nomination by a stockholder will be considered, unless the notice satisfies the requirements of the Bylaws. If we do not receive notice of any other matter that you wish to raise at the annual meeting in 2011 on or before [], our Bylaws provide that the matter shall not be transacted and the nomination shall not be considered.

ANNUAL REPORT

A copy of our Annual Report for the year ended December 31, 2009, has been made available to you on or about April [], 2010 with this Proxy Statement and is available at <http://www.edocumentview.com/uaua>. Additional copies of the Annual Report and this Notice of Annual Meeting and Proxy Statement, and accompanying proxy card may be obtained from our Corporate Secretary at UAL Corporation, 77 W. Wacker Drive, Chicago, Illinois 60601.

COPIES OF OUR FORM 10-K FILED WITH THE SEC MAY BE OBTAINED WITHOUT CHARGE BY WRITING TO UAL CORPORATION, C/O THE CORPORATE SECRETARY'S OFFICE HDQLD, 77 W. WACKER DRIVE, CHICAGO, ILLINOIS 60601. YOU CAN ALSO OBTAIN A COPY OF OUR FORM 10-K AND OTHER PERIODIC FILINGS AT THE COMPANY'S WEBSITE OR FROM THE SEC'S EDGAR DATABASE AT WWW.SEC.GOV.

Table of Contents

OTHER BUSINESS

Management knows of no other matters to be brought before the Annual Meeting. It is the case, however, that the enclosed proxy card grants the persons named in the proxy card the authority to vote on all other matters properly presented at the Annual Meeting in accordance with their best judgment. For certain matters, including stockholder proposals that are considered untimely pursuant to Rule 14a-4 under the Securities Exchange Act of 1934, as amended, the persons named in the proxies solicited by management may exercise discretionary voting authority with respect to such matters.