

Document 1201

[21201001]

Stock of United Airlines parent UAL Corp. gyrated wildly yesterday amid speculation that one or more investors may challenge the UAL board's decision to remain independent instead of pursuing a buy-out or other transaction.

[21201002]

The board's decision, announced after the market closed Monday, initially prompted a severe sell-off in UAL shares, which at midday traded as low as \$ 145 a share, down \$ 33 a share, in composite trading on the New York Stock Exchange.

[21201004]

But then steady, concentrated buying by Bear, Stearns & Co., which frequently buys stock for corporate raiders, took hold and steadied the fall in UAL, which eventually buoyed the entire market.

[21201005]

The industrial average closed down only 3.69 points at 2659.22.

[21201006]

Late in the afternoon, several big purchases by Bear, Stearns, particularly a block of 200,000 shares at 2:43 p.m. at \$ 150 a share, triggered a buying spree that took UAL up more than 18 points in the final hour of trading.

[21201007]

UAL stock closed at \$ 170 a share, down \$ 8.375.

[21201008]

Volume was a tumultuous 4.9 million shares, or 22 % of the 21.8 million UAL shares outstanding.

[21201009]

Traders estimated that Bear, Stearns bought more than 1 million shares.

[21201011]

However, one person familiar with UAL said the signs pointed to Coniston because Mr. Trump has n't asked for permission to buy more than \$ 15 million of stock under federal antitrust rules.

[21201012]

Takeover-stock traders, stung by their huge losses in UAL stock, remained eager for some action by an outside catalyst following the collapse Oct. 13 of a \$ 300-a-share, \$ 6.79 billion labor-management buy-out.

[21201013]

Their hope was that the catalyst would seek to oust the board in a solicitation of shareholder consents.

[21201014]

Baker , Nye Investments , a New York takeover-stock trader that owns UAL stock , would n't comment on reports the firm is considering seeking such a shareholder vote .

[21201015]

But partner Richard Nye said , " This is the most extraordinary failed transaction I 've seen in 25 years in this business .

[21201016]

It would make sense for somebody to do it .

[21201017]

I have never seen a case of incompetence shared by so many participants . "

[21201018]

In 1986 , Baker , Nye waged a proxy fight for control of Leaseway Transportation Inc. that ultimately led to Leaseway 's being sold .

[21201019]

Some traders pointed hopefully to earlier estimates by UAL 's investment adviser , First Boston Corp. , that recapitalizations could yield \$ 245 to \$ 280 a share .

[21201020]

But those would require pilots ' cooperation .

[21201021]

Any investor who acquires UAL stock in an attempt to force a buy-out or recapitalization must deal with United 's contentious unions .

[21201022]

The pilots are working under an expired contract , and the machinists contract expires next month .

[21201023]

That gives them enormous leverage , including the threat of a strike to block any buy-out or recapitalization attempt they oppose .

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However , a catalyst like Coniston could seek shareholder support for a sale to a labor-management group at the last price discussed by that group before the board meeting Monday .

[21201025]

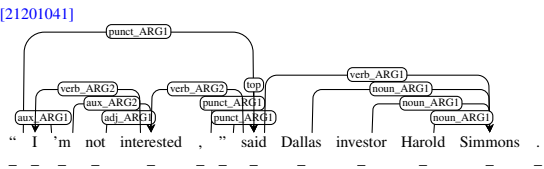
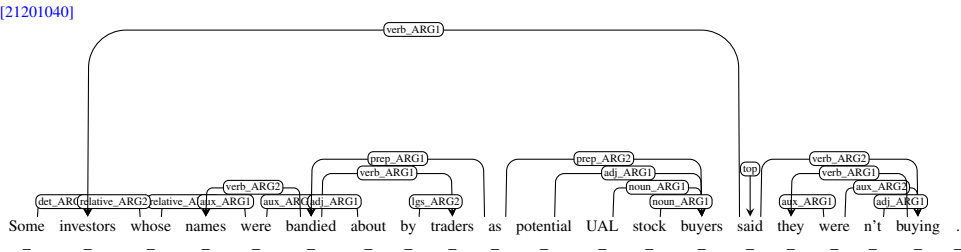
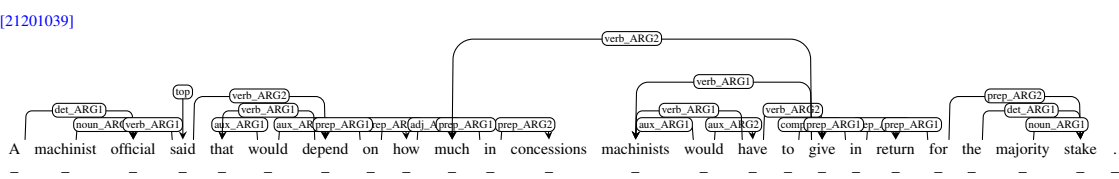
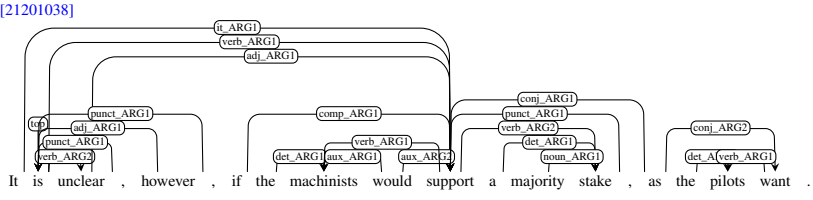
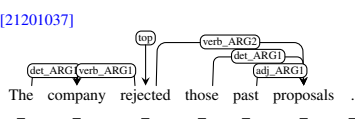
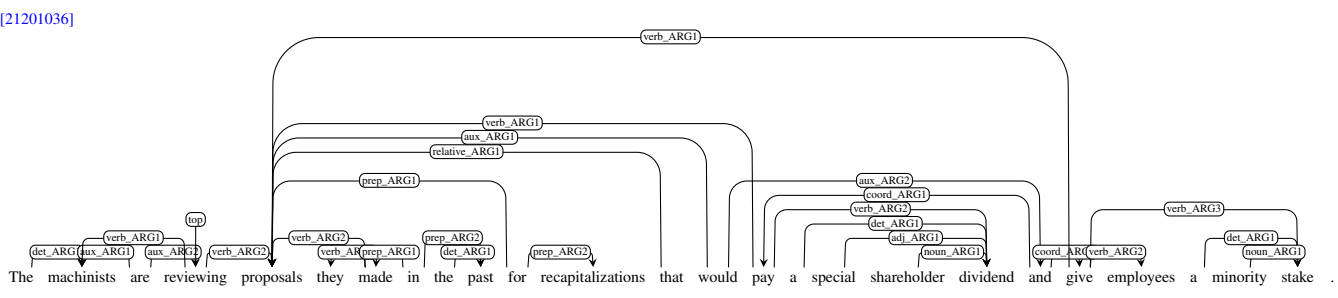
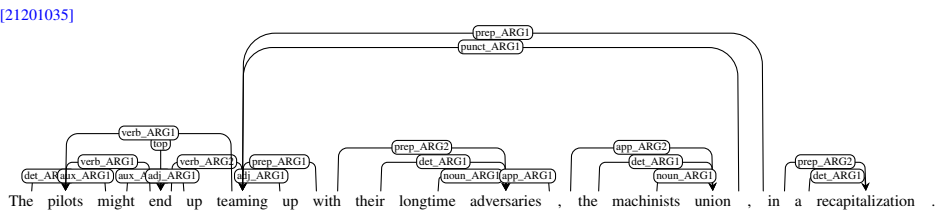
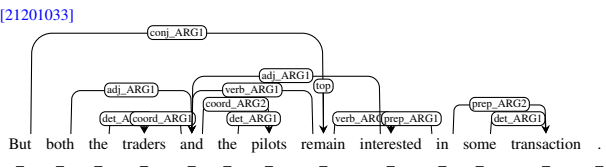
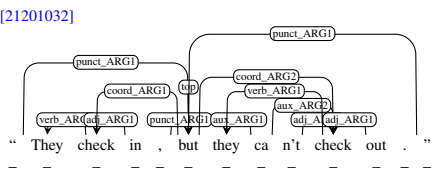
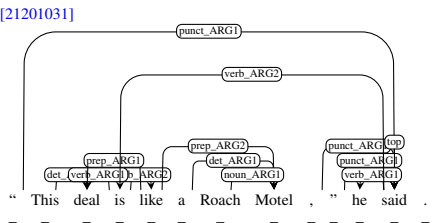
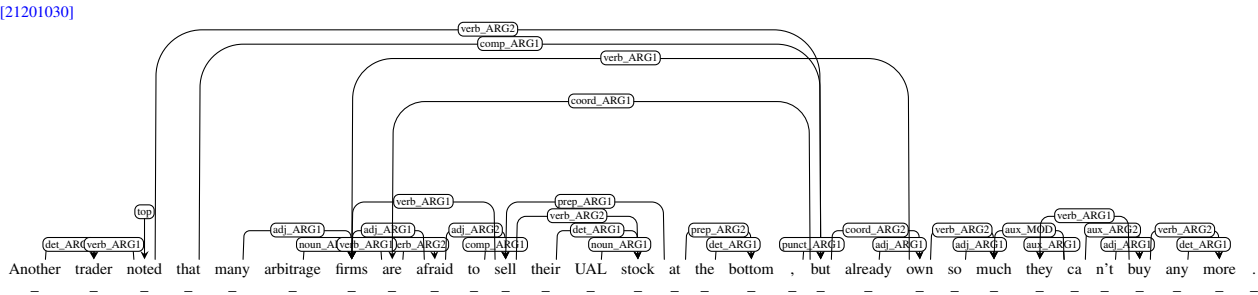
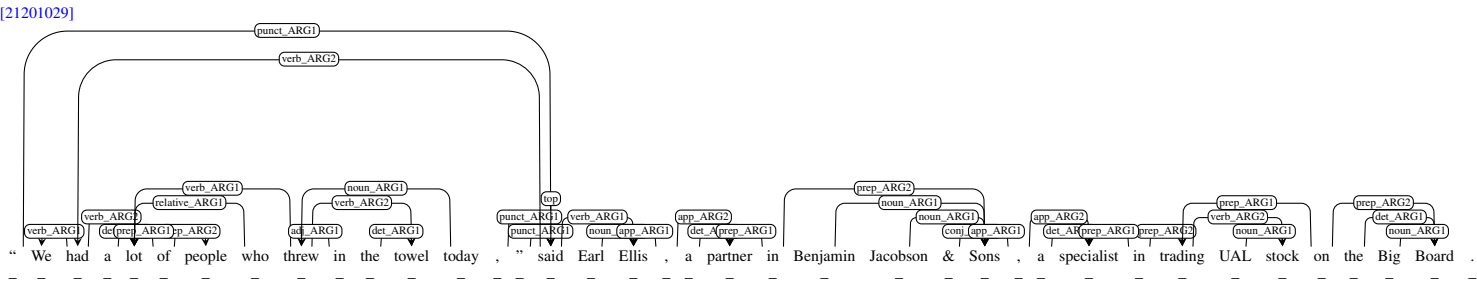
The pilots had been working on a buy-out bid between \$ 225 and \$ 240 a share , or \$ 5.09 billion to \$ 5.42 billion .

[21201027]

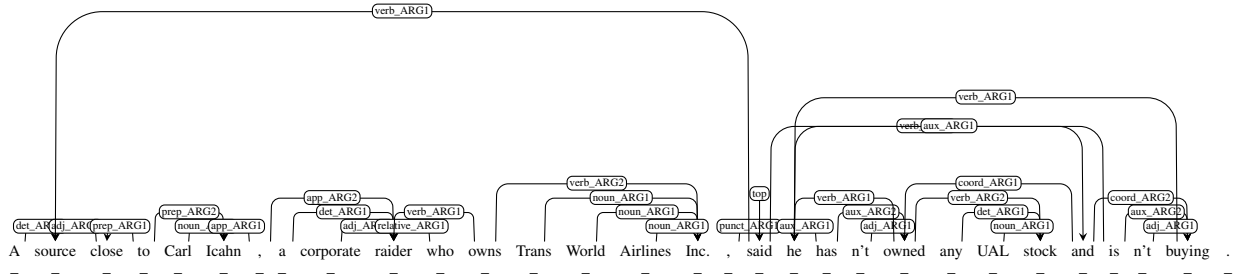
Even some takeover-stock traders said they could n't quarrel with the board 's logic .

[21201028]

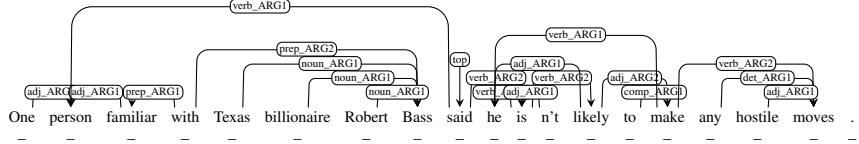
But the board 's decision prompted many to bail out of the stock yesterday .



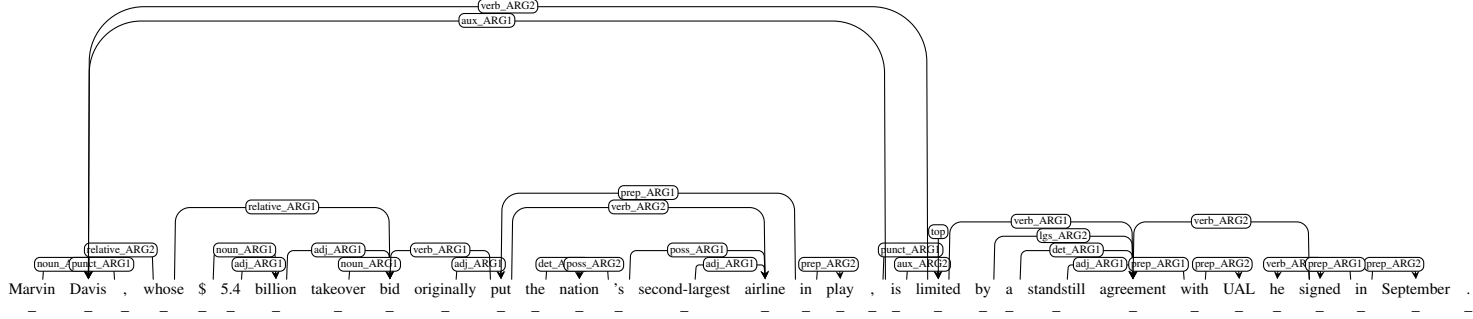
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