

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-6033

UAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-2675207

(I.R.S. Employer
Identification No.)

1200 East Algonquin Road, Elk Grove Township, Illinois 60007

Mailing Address: P. O. Box 66919, Chicago, Illinois 60666

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (847) 700-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at October 24, 2002</u>
Common Stock (\$0.01 par value)	66,174,321

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UAL Corporation and Subsidiary Companies
Condensed Statements of Consolidated Financial Position (Unaudited)
(In Millions)

<u>Assets</u>	September 30 <u>2002</u>	December 31 <u>2001</u>
Current assets:		
Cash and cash equivalents	\$ 1,011	\$ 1,688
Restricted cash	344	-
Short-term investments	612	940
Receivables, net	1,159	1,047
Income tax receivables	326	174
Inventories, net	323	329
Deferred income taxes	-	272
Prepaid expenses and other	<u>285</u>	<u>636</u>
	<u>4,060</u>	<u>5,086</u>
Operating property and equipment:		
Owned	19,579	19,230
Accumulated depreciation and amortization	<u>(5,164)</u>	<u>(4,716)</u>
	<u>14,415</u>	<u>14,514</u>
Capital leases	2,625	2,766
Accumulated amortization	<u>(502)</u>	<u>(472)</u>
	<u>2,123</u>	<u>2,294</u>
	<u>16,538</u>	<u>16,808</u>
Other assets:		
Investments	115	278
Intangibles, net	414	422
Pension assets	1,170	562
Aircraft lease deposits	746	667
Prepaid rent	361	374
Deferred income taxes	-	97
Other, net	<u>786</u>	<u>903</u>
	<u>3,592</u>	<u>3,303</u>
	<u>\$24,190</u>	<u>\$25,197</u>

See accompanying Notes to Consolidated Financial Statements.

UAL Corporation and Subsidiary Companies
Condensed Statements of Consolidated Financial Position (Unaudited)
(In Millions)

<u>Liabilities and Stockholders' Equity</u>	September 30 <u>2002</u>	December 31 <u>2001</u>
Current liabilities:		
Notes payable	\$ -	\$ 133
Current portions of long-term debt and capital lease obligations	1,331	1,454
Advance ticket sales	1,352	1,183
Accrued salaries, wages and benefits	1,502	1,227
Accounts payable	617	1,268
Other	<u>2,358</u>	<u>2,801</u>
	<u>7,160</u>	<u>8,066</u>
Long-term debt	<u>7,098</u>	<u>6,622</u>
Long-term obligations under capital leases	<u>1,844</u>	<u>1,943</u>
Other liabilities and deferred credits:		
Deferred pension liability	2,250	1,241
Postretirement benefit liability	1,769	1,690
Deferred gains	755	827
Other	<u>1,911</u>	<u>1,600</u>
	<u>6,685</u>	<u>5,358</u>
Commitments and contingent liabilities (See note)		
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	<u>97</u>	<u>98</u>
Preferred stock committed to Supplemental ESOP	<u>3</u>	<u>77</u>
Stockholders' equity:		
Preferred stock	-	-
Common stock at par	1	1
Additional capital invested	5,060	4,995
Accumulated deficit	(1,946)	(199)
Accumulated other comprehensive loss	(335)	(275)
Treasury stock	(1,475)	(1,485)

Other	<u>(2)</u>	<u>(4)</u>
	<u>1,303</u>	<u>3,033</u>
	<u>\$24,190</u>	<u>\$25,197</u>

See accompanying Notes to Consolidated Financial Statements.

UAL Corporation and Subsidiary Companies
Statements of Consolidated Operations (Unaudited)
(In Millions, Except Per Share)

	Three Months Ended	
	<u>September 30</u>	
	<u>2002</u>	<u>2001</u>
Operating revenues:		
Passenger	\$ 3,143	\$ 3,455
Cargo	166	157
Other	<u>428</u>	<u>495</u>
	<u>3,737</u>	<u>4,107</u>
Operating expenses:		
Salaries and related costs	1,834	1,889
Aircraft fuel	532	655
Purchased services	364	409
Aircraft rent	211	207
Landing fees and other rent	258	259
Depreciation and amortization	243	260
Cost of sales	302	395
Aircraft maintenance	131	174
Commissions	101	121
Other	407	450
Special charges	<u>-</u>	<u>1,313</u>
	<u>4,383</u>	<u>6,132</u>
Loss from operations	<u>(646)</u>	<u>(2,025)</u>
Other income (expense):		
Interest expense	(157)	(128)
Interest capitalized	5	19
Interest income	14	19
Equity in losses of affiliates	(1)	(7)
Non-operating special charges	-	(49)
Airline stabilization grant	50	391

Miscellaneous, net	<u>-</u>	<u>(43)</u>
	<u>(89)</u>	<u>202</u>
Loss before income taxes and distributions on preferred securities	(735)	(1,823)
Provision (credit) for income taxes	<u>153</u>	<u>(665)</u>
Loss before distributions on preferred securities	(888)	(1,158)
Distributions on preferred securities, net of tax	<u>(1)</u>	<u>(1)</u>
Net loss	\$ <u>(889)</u>	\$ <u>(1,159)</u>
Per share, basic	\$ <u>(15.57)</u>	\$ <u>(21.43)</u>

See accompanying Notes to Consolidated Financial Statements.

UAL Corporation and Subsidiary Companies
Statements of Consolidated Operations (Unaudited)
(In Millions, Except Per Share)

	Nine Months Ended	
	<u>September 30</u>	
	<u>2002</u>	<u>2001</u>
Operating revenues:		
Passenger	\$ 9,091	\$11,295
Cargo	474	547
Other	<u>1,254</u>	<u>1,347</u>
	<u>10,819</u>	<u>13,189</u>
Operating expenses:		
Salaries and related costs	5,213	5,624
Aircraft fuel	1,397	2,013
Purchased services	1,058	1,286
Aircraft rent	631	619
Landing fees and other rent	759	758
Depreciation and amortization	731	780
Cost of sales	886	1,059
Aircraft maintenance	428	573
Commissions	327	598
Other	1,149	1,336
Special charges	<u>82</u>	<u>1,428</u>
	<u>12,661</u>	<u>16,074</u>
Loss from operations	<u>(1,842)</u>	<u>(2,885)</u>
Other income (expense):		
Interest expense	(445)	(383)

Interest capitalized	22	63
Interest income	50	82
Equity in losses of affiliates	(5)	(19)
Gain on sale of investment	46	-
Non-operating special charges	-	(49)
Airline stabilization grant	130	391
Miscellaneous, net	<u>(17)</u>	<u>(74)</u>
	<u>(219)</u>	<u>11</u>
Loss before income taxes, distributions on preferred securities and cumulative effect of accounting changes	(2,061)	(2,874)
Credit for income taxes	<u>(326)</u>	<u>(1,049)</u>
Loss before distributions on preferred securities and cumulative effect of accounting changes	(1,735)	(1,825)
Distributions on preferred securities, net of tax	(4)	(4)
Cumulative effect of accounting change, net of tax	<u>-</u>	<u>(8)</u>
Net loss	<u>\$(1,739)</u>	<u>\$(1,837)</u>
Per share, basic:		
Loss before cumulative effect	\$(30.96)	\$(34.31)
Cumulative effect of accounting change, net	<u>-</u>	<u>(0.15)</u>
Net loss	<u>\$(30.96)</u>	<u>\$(34.46)</u>

See accompanying Notes to Consolidated Financial Statements.

UAL Corporation and Subsidiary Companies
Condensed Statements of Consolidated Cash Flows (Unaudited)
(In Millions)

	Nine Months	
	<u>Ended September 30</u>	
	<u>2002</u>	<u>2001</u>
Cash and cash equivalents at beginning of period	<u>\$ 1,688</u>	<u>\$ 1,679</u>
Cash flows from operating activities	<u>(692)</u>	<u>574</u>
Cash flows from investing activities:		
Additions to property and equipment	(113)	(1,858)
Proceeds on disposition of property and equipment	363	167
Proceeds on sale of investments	137	-
Increase in restricted cash	(344)	-
Decrease in short-term investments	328	32
Other, net	<u>2</u>	<u>(109)</u>

	<u>373</u>	<u>(1,768)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	946	1,982
Repayment of long-term debt	(1,273)	(142)
Principal payments under capital lease obligations	(190)	(179)
Decrease in short-term borrowings	(133)	-
Dividends paid	(7)	(85)
Decrease in debt certificates under Company leases	290	18
Other, net	<u>9</u>	<u>31</u>
	<u>(358)</u>	<u>1,625</u>
Increase (decrease) in cash and cash equivalents	<u>(677)</u>	<u>431</u>
Cash and cash equivalents at end of period	<u>\$ 1,011</u>	<u>\$ 2,110</u>
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 378	\$ 251
Income taxes	\$ 57	\$ 4
Non-cash transactions:		
Long-term debt incurred in connection with additions to equipment and other assets	\$ 703	\$ 232
Net unrealized loss on investments	\$ (3)	\$ (33)
Increase in pension intangible assets	\$ 608	\$ 437

See accompanying Notes to Consolidated Financial Statements.

UAL Corporation and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)

The Company

UAL Corporation ("UAL" or the "Company") is a holding company whose principal subsidiary is United Air Lines, Inc. ("United").

Basis of Presentation

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully discussed in "Liquidity and Capital Resources," the Company may file for bankruptcy if it is unable to raise sufficient liquidity to support its ongoing operations and capital and debt requirements. The financial statements do not include any adjustments that might result from a potential bankruptcy filing.

The consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to or as permitted by such rules and regulations, although UAL believes that the disclosures are adequate to make the information presented not misleading. In management's opinion, all adjustments (which include normal recurring adjustments, the special charges described below and a deferred tax valuation allowance described below) necessary for a fair presentation of the results of operations for the three- and nine-month periods have been made. Certain prior-year financial statement items have been reclassified to conform to the current year's presentation. These financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in UAL's Annual Report on Form 10-K for the year 2001.

Accounting Changes

Effective January 1, 2001, UAL adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), as amended. The adoption of SFAS No. 133 resulted in a cumulative charge of \$8 million, net of tax, to first quarter 2001 earnings. This primarily related to the changes in fair values of certain equity warrants that were not designated as qualifying hedging instruments.

Effective January 1, 2002, UAL adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). In connection with the adoption, UAL has discontinued \$12 million in annual amortization expense on route acquisition costs, which are indefinite-lived intangible assets. SFAS No. 142 also requires companies to test intangibles for impairment on an annual basis or on an interim basis when a triggering event occurs. During the first quarter, the Company performed an initial evaluation of its intangibles and determined that the fair value of its intangibles was in excess of the book value. In the third quarter, the Company reviewed the evaluation of its intangibles and determined that the fair value continued to be in excess of the book value.

The following information relates to UAL's intangibles at September 30, 2002:

<u>(In millions)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Amortized intangible assets		
Airport Slots and Gates	\$ 184	\$ 166
Other	<u>47</u>	<u>12</u>
	<u>\$ 231</u>	<u>\$ 178</u>
Unamortized intangible assets		
Routes	\$ 344	
Goodwill	<u>17</u>	
	<u>\$ 361</u>	

Slots and gates are being amortized on a straight-line basis over the life of the related leases. Other intangibles are being amortized over periods of 3 to 10 years. Total amortization expense recognized in the first nine months of 2002 was \$9 million. The Company expects to record amortization expense of \$11 million for the full year 2002, \$8 million in 2003, \$7 million in 2004 and 2005, and \$6 million in 2006.

Route authorities are rights granted by governments to operate flights to and from a particular country. These authorities are very specific and limited, fixed in nature and are rarely available in the marketplace. Accordingly, route authorities are highly valued and sought after assets by all airlines. During 2002, UAL obtained a third-party appraisal of its route authorities which concluded that the market value of these assets continues to be considerably in excess of the book value.

Gates, like routes, are highly valued assets that do not frequently come into the marketplace. The Company has no intent to sell these gates and believes that the market value is in excess of the recorded book value.

Goodwill primarily relates to UAL Loyalty Services' acquisition of MyPoints.com, which occurred in July 2001 and is based on the final purchase price allocation. Management believes that the cash flows of ULS's operation, as reflected in Segment Information below are sufficient to support the value of these intangibles.

During the third quarter of 2002, United, through a wholly owned subsidiary, purchased an additional 6% interest in the Galileo Japan Partnership ("GJP"), bringing its ownership interest to 56% and requiring the Company to consolidate the entity. In connection with the acquisition, United recorded \$2 million in goodwill representing the excess of the purchase price over the book value of the assets acquired, based on the preliminary purchase price allocation.

Pro forma results for the three and nine months ended September 30, 2001, assuming the discontinuation of amortization are shown below:

<u>(In millions, except per share)</u>	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>Total</u>	<u>Per share</u>	<u>Total</u>	<u>Per share</u>
Loss before cumulative effect of accounting change, as reported	\$ (1,159)	\$ (21.43)	\$ (1,829)	\$ (34.31)
Amortization of routes, net of tax	<u>2</u>	<u>0.03</u>	<u>6</u>	<u>0.10</u>
Loss before cumulative effect of accounting change, pro forma	<u>\$ (1,157)</u>	<u>\$ (21.40)</u>	<u>\$ (1,823)</u>	<u>\$ (34.21)</u>
Net loss, as reported	\$ (1,159)	\$ (21.43)	\$ (1,837)	\$ (34.46)
Amortization of routes, net of tax	<u>2</u>	<u>0.03</u>	<u>6</u>	<u>0.10</u>
Net loss, pro forma	<u>\$ (1,157)</u>	<u>\$ (21.40)</u>	<u>\$ (1,831)</u>	<u>\$ (34.36)</u>

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or

Disposal of Long-Lived Assets" ("SFAS No. 144"), which addresses the accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 did not have an effect on the Company's results of operations. In the third quarter of 2002, the Company evaluated its fleet for impairment in accordance with SFAS No. 144. Utilizing the Company's current cash flow projections based on the updated business plan submitted in October to the Air Transportation Stabilization Board, as described in "ATSB Loan Application" and appraisals of aircraft as necessary, management determined that no impairment is required.

Income Taxes

The Company's provision for income taxes is based on the estimated annual effective tax rate, which generally differs from the federal statutory rate of 35% principally due to state income taxes and certain nondeductible items. In the third quarter of 2002, the Company recorded a valuation allowance of \$418 million against its deferred tax assets. In recording the valuation allowance, management considered whether it was more likely than not that some or all of the deferred tax assets would be realized. This analysis includes considering scheduled reversal of deferred tax liabilities, projected future taxable income, carryback potential and tax planning strategies.

Per Share Amounts

Basic loss per share amounts were computed by dividing net losses before the cumulative effect of an accounting change by the weighted-average number of shares of common stock outstanding during the year and potential participating ESOP preferred shares in periods where they are dilutive using the if-converted method.

<u>Loss Attributable to Common Stockholders (in millions)</u>	Three Months		Nine Months	
	Ended September 30		Ended September 30	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net loss before cumulative effect of accounting change	\$ (889)	\$ (1,159)	\$ (1,739)	\$ (1,829)
Preferred stock dividends and other	<u>(2)</u>	<u>(2)</u>	<u>(7)</u>	<u>(7)</u>
Loss attributable to common stockholders	\$ <u>(891)</u>	\$ <u>(1,161)</u>	\$ <u>(1,746)</u>	\$ <u>(1,836)</u>
Weighted average shares outstanding (in millions)	<u>57.2</u>	<u>54.2</u>	<u>56.4</u>	<u>53.5</u>
Loss per share before cumulative effect	\$ <u>(15.57)</u>	\$ <u>(21.43)</u>	\$ <u>(30.96)</u>	\$ <u>(34.31)</u>

At September 30, 2002, stock options to purchase approximately 13 million shares of common stock were outstanding, but were not included in the computation of earnings per share because inclusion of such shares would be antidilutive; approximately 59 million shares of convertible ESOP preferred stock were not included as the result would also be antidilutive.

Proposed Sales of UAL Common Stock

In September 2002, the United Air Lines, Inc. Pension and Welfare Plans Administrative Committee appointed AON Fiduciary Counselors, Inc. ("AON") as an independent fiduciary for the UAL Stock Funds offered in the Company's 401(k) plans. On September 27, 2002, AON filed a Form 144, "Notice of Proposed Sale of Securities" ("Form 144") with the SEC to indicate it may sell up to 10,577,325 shares of UAL common stock in the 401(k) plans. Simultaneous with the filing of the Form 144, AON directed Fidelity Investments ("Fidelity") and Frank Russell Trust Company ("Frank Russell") to cease the purchase of UAL common stock and to raise the amount of cash held in the UAL Stock Fund to 20% by selling UAL common stock. As of October 24, 2002, Fidelity and Frank Russell informed the Company that they had sold less than one million shares of UAL common stock.

Additionally, in September 2002, State Street Bank and Trust ("State Street") was appointed as an independent fiduciary for the ESOP. On September 27, 2002, State Street filed a Form 144 with the SEC to indicate it may sell up to 10,964,700 shares of UAL common stock over the next three months. The shares of common stock are issuable upon the conversion of shares of Class 1 and Class 2 ESOP Preferred Stock held by the plan and are issued on a private placement basis to State Street. As of October 24, 2002, State Street had converted 2.1 million shares of ESOP Preferred Stock to an equivalent 8.4 million common shares. State Street has informed the Company that it has begun selling these shares on the open market.

Employee voting under the ESOP is determined by Voting Preferred Stock and not by Class 1 and Class 2 ESOP Preferred Stock. The Voting Preferred Stock will generally continue to represent approximately 55% of the aggregate voting power until "Sunset." Sunset will occur when the common shares issuable upon conversion of Class 1 and Class 2 ESOP Preferred Stock, plus any common equity (generally common stock issued or issuable at the time of the recapitalization) held by any other Company sponsored employee benefit plan, plus any available unissued ESOP shares held in the ESOPs, equal, in the aggregate, less than 20% of the common equity and available unissued ESOP shares of UAL. For purposes of measuring the Sunset, employee ownership was approximately 67% at September 30, 2002. The Company currently estimates in excess of 50 million shares of UAL common stock, net of purchases into employee owned accounts, would need to be sold by employees, State Street, Fidelity and/or Frank Russell to trigger the Sunset.

Restricted Cash

At September 30, 2002, the Company had \$344 million in restricted cash, which primarily consists of deposits posted for various states where United is self-insured for workers' compensation claims.

Long-Term Debt

During the first quarter of 2002, the Company refinanced approximately \$525 million in interim financing through a \$775 million private debt financing which refinanced certain aircraft. During the second quarter of 2002, the Company refinanced approximately \$314 million in interim financing to long-term. In the third quarter of 2002, the Company refinanced approximately \$238 million in long-term debt through a sale-leaseback

sales and special charges	\$(1,519)	\$ (406)	\$ (235)	\$ (132)	\$ 153	\$(16)	\$ -	\$(2,155)
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(In Millions)

Nine Months Ended September 30, 2001

	<u>United Air Lines, Inc.</u>						Inter-	UAL
	North			Latin			segment	Consolidated
	<u>America</u>	<u>Pacific</u>	<u>Atlantic</u>	<u>America</u>	<u>ULS</u>	<u>Other</u>	<u>Elimination</u>	<u>Total</u>
Revenue	\$ 8,672	\$2,192	\$ 1,734	\$ 565	\$ 7	\$ 19	\$ -	\$13,189
Intersegment revenue	\$ -	\$ -	\$ -	\$ -	\$ 132	24	\$ (156)	\$ -
Earnings (loss) before income taxes and special charges	\$(1,162)	\$ (375)	\$ (240)	\$ (82)	\$ 71	\$ -	\$ -	\$ (1,788)

(In Millions)	<u>Three Months</u>		<u>Nine Months</u>	
	<u>Ended September 30</u>		<u>Ended September 30</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Total loss for reportable segments	\$ (779)	\$ (848)	\$ (2,139)	\$ (1,788)
Special charges	-	(1,313)	(82)	(1,428)
Non-operating special charges	-	(49)	-	(49)
Airline stabilization grant	50	391	130	391
Gain on sale	-	-	46	-
Other UAL subsidiary earnings	<u>(6)</u>	<u>(4)</u>	<u>(16)</u>	<u>-</u>
Total loss before income taxes, distributions on preferred securities and cumulative effect of accounting change	\$ (735)	\$ (1,823)	\$ (2,061)	\$ (2,874)

United's dedicated revenue producing assets can be deployed in any of its reportable segments, while ULS has \$626 million in total assets.

Other Comprehensive Income

Total comprehensive income (loss) is made up of the following:

(In Millions)	<u>Three Months</u>		<u>Nine Months</u>	
	<u>Ended September 30</u>		<u>Ended September 30</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net loss	\$ (889)	\$ (1,159)	\$ (1,739)	\$ (1,837)
Unrealized gains (losses)	11	(142)	(3)	(22)
Minimum pension liability adjustment	<u>-</u>	<u>(311)</u>	<u>(57)</u>	<u>(311)</u>
Total comprehensive loss	\$ (878)	\$ (1,612)	\$ (1,799)	\$ (2,170)

United Express

United has marketing agreements under which independent regional carriers, flying under the United Express name, feed passengers to United owned and operated flights. United pays these carriers on a fee-per-departure basis and includes the revenues derived from the carriers in passenger revenue, net of these expenses. Amounts included in passenger revenues for the three and nine month periods are as follows:

(in millions)	<u>Net revenues (net expenses)</u>			
	<u>Three Months</u>		<u>Nine Months</u>	
	<u>Ended September 30</u>		<u>Ended September 30</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
United Express revenues (net of expenses)	\$ (72)	\$ (41)	\$ (192)	\$ (126)

While the effect on United's results, taking into account only the United Express flights, is negative, the Company realizes a significant benefit (not included in the results shown above) from the traffic provided to United's operations as a result of these agreements.

In addition, United has call options on 64 regional jets owned or leased by these carriers. The call option is a standard part of the United Express agreement and is intended to allow United to secure control over regional jets used for United Express flying in the event one of the United Express agreements is terminated. The call option reduces this risk if the Company determines that a change of United Express carrier is necessary, particularly due to the significant time lag between order and delivery of aircraft (such as regional jets made to United's specifications).

The call options are only exercisable if United maintains a specified credit rating and the United Express carrier fails to meet required operating and/or financial performance levels for a specified period of time. Due to United's current credit rating, none of the call options would be exercisable at this time.

Special Charges

Related to September 11. During the third quarter of 2001, United recorded a special charge of \$1.3 billion in operating expense and \$49 million in non-operating expense for amounts relating to the September 11 terrorist attacks and the resulting impact on the Company's schedule and operations.

The special charge in operating expense was made up of the following (in millions):

	<u>Amount</u>
Special charges:	
Aircraft groundings and impairment	\$ 788
Reduction in force	217
Early termination fees	181
Discontinued capital projects	107
Miscellaneous	<u>20</u>
Total operating special charges	<u>\$ 1,313</u>

After the September 11 terrorist attacks, the Company grounded the B727-200 and B737-200 fleets and recorded a charge of \$271 million, reflecting the write down of the fleets to fair value.

Due to the changes implemented to United's operations, the Company reviewed its fleet for impairment in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS No. 121"). Under SFAS No. 121, United's policy is to recognize an impairment charge when an asset's carrying value exceeds its net undiscounted future cash flows and its fair market value. The amount of the charge is the difference between the asset's carrying value and fair market value. Management determined that the estimated net undiscounted future cash flows generated by its B737-500 and B747-400 fleets would be less than their carrying value. Management estimated the undiscounted future cash flows with models used by the Company in making fleet and scheduling decisions. These models utilized the Company's projections of passenger yield, fuel costs, labor costs and other relevant factors for the markets where these aircraft will operate. The aircraft in each of these fleets were written down to their fair market values, as estimated by management using published sources, third-party appraisals and bids received from third parties. Accordingly, the special charge includes an impairment charge of \$517 million for these aircraft fleets resulting from the anticipated decrease in future cash flows.

Also as a result of the terrorist attacks, the Company furloughed approximately 20,000 employees across all work groups (pilots, flight attendants, mechanics, ramp service, customer service and management and salaried employees). In connection with the furloughs, United accrued severance costs of approximately \$217 million, including a one-time curtailment charge relating to the accelerated recognition of unrecognized prior service costs for certain of the Company's pension plans.

Also included in the special charge is \$107 million relating to the write-off of capital projects no longer being pursued. As a direct result of September 11, management made the decision to terminate all funding and labor resources for numerous capitalized projects that were in-process prior to September 11 and which did not provide any immediate economic or long-term safety benefits to customers or the airline. The projects and related amounts capitalized that were discontinued following September 11 included computer system development costs (\$48 million), aircraft improvements (\$33 million), airport facility improvements (\$21 million) and other miscellaneous projects (\$5 million).

After management announced the furlough and the freeze on all capital expenditures, United determined that the Company was unlikely to meet certain commitments or provisions of certain executory contracts with third parties. The executory contracts are related to agreements with state and local governments (\$157 million), aircraft improvements (\$11 million) and facilities and other (\$13 million)

Additionally, the Company recorded a non-operating special charge of \$49 million related to certain non-operating aircraft that were leased to others. The fair value of these aircraft was significantly impacted by the events of September 11.

As part of the Air Transportation Safety and System Stabilization Act of 2001 (the "Act") enacted in response to the events of September 11, 2001, the federal government made \$5.0 billion in federal grants available to the airline industry. Through September 30, 2002, the Company has received a total of \$782 million in grants under the Act, of which \$391 million was received in the third quarter of 2001, \$261 million in the fourth quarter of 2001, \$80 million in the second quarter of 2002 and \$50 million in the third quarter 2002. These amounts represent the Company's total allocation of grant money under the Act.

At December 31, 2001, UAL had accruals of \$87 million related to the reduction in force and \$171 million related to early termination fees resulting from the September 11 terrorist attacks. During the first, second and third quarters of 2002, the Company made payments of \$34 million, \$5 million and \$2 million, respectively, for severance and related fringe benefits to displaced employees. As passenger demand rebounded faster than anticipated in the first quarter of 2002, the Company increased its scheduled flying beyond planned levels in April 2002 and again in June 2002. As a result, the Company determined that fewer front-line employees would be permanently displaced, and reversed \$25 million of accrued

severance and related costs in the first quarter 2002 and \$19 million in the second quarter. In addition, the Company paid \$11 million, \$34 million and \$2 million, respectively, in early termination fees during the first, second and third quarters, respectively. During the third quarter, the Company recorded an additional \$15 million in early termination fees related to commitments to state and local governments. Accordingly, accruals remaining at September 30, 2002 were \$139 million for early termination fees and \$2 million for the reduction in force.

Through September 30, 2002, the Company had received approximately \$58 million related to insurance recoveries on aircraft destroyed by the September 11 attacks and approximately \$12 million related to other covered expenses. The Company anticipates that its liability from claims arising from the events of September 11, 2001 will be significant, after considering the liability protections provided for by the Act; however, the Company expects that any amounts paid on such claims will be borne by its insurance carriers as claims are resolved and, in any event, the Company believes that, under the Act, its liability will be limited to its insurance coverage.

The Company has not incurred any material environmental obligations relating to September 11.

US Airways Merger. During the second quarter of 2001, UAL recognized a special charge of \$116 million for incremental direct costs incurred related to the acquisition of US Airways Group, Inc. that was ultimately terminated. In addition to a \$50 million termination fee, the Company incurred costs of \$29 million related to integration project management, \$16 million in legal fees and \$21 million in other professional fees that were written off.

Avolar. On March 22, 2002, UAL announced the orderly shutdown of its wholly owned subsidiary Avolar, which was formed in early 2001 to operate and sell fractional ownership interests in premium business aircraft. In connection with the closing of Avolar, UAL recorded a special charge of \$82 million in the first quarter 2002 which included aircraft deposits and termination fees (\$55 million), operating related expenses (\$18 million), severance related costs (\$7 million) and other costs (\$2 million).

In accordance with Emerging Issues Task Force No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," the Company identified those charges which should be recognized at the time management had committed to an exit plan. The special charge included current period and future estimated liabilities incurred which would produce no future economic benefit to UAL.

Specifically, the current period expenses included in the charge were related to obligations incurred prior to the commitment date which would not produce any future benefit to the Company and included costs for promotional flights, consultant fees for the development of computer systems, advertising in anticipation of operations and other miscellaneous expenses.

Contingencies and Commitments

UAL has certain contingencies resulting from litigation and claims (including environmental issues) incident to the ordinary course of business. Management believes, after considering a number of factors, including (but not limited to) the views of legal counsel, the nature of contingencies to which UAL is subject and its prior experience, that the ultimate disposition of these contingencies is not expected to materially affect UAL's consolidated financial position or results of operations.

At September 30, 2002, commitments for the purchase of property and equipment, principally aircraft, approximated \$1.6 billion, after deducting advance payments of \$179 million. An estimated \$0.2 billion will be spent during the remainder of 2002, \$0.5 billion in 2004 and \$0.9 billion in 2005 and thereafter. The major commitments, which include price escalations, are for the purchase of A319, A320 and B777 aircraft, which are scheduled to be delivered through 2007. As part of its Financial Recovery Plan described below, the Company is exploring opportunities to reduce and/or defer capital spending. As part of these efforts, the Company is currently negotiating with its aircraft manufacturers to delay future deliveries beyond 2004 and 2005.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Summary of Results

The airline business is subject to seasonal fluctuations. United's operations are often adversely impacted by winter weather and United's first- and fourth-quarter results normally reflect reduced travel demand.

Additionally, beginning in 2001, the weakening U.S. economy had a significant impact on the airline industry as corporations reduced their business travel budgets and changed their travel behavior. During the first six months of 2001, the industry began experiencing significant revenue declines as a result of the decrease in business traffic, which impacted both unit revenues and yields, particularly in the domestic markets. Historically, there has been a strong correlation between airline revenues and GDP and corporate profitability. As corporate profitability dropped during this period, companies reduced spending on travel. Since approximately 65% to 75% of United's domestic revenues are derived from business travelers, United was disproportionately affected by this decline.

Subsequent to September 11, United's revenues, yield, revenue passenger miles and available seat miles were significantly impacted by the events of September 11 and the resulting reduction in the Company's operations. The Company continues to suffer from the weakened revenue environment resulting from the events of September 11 and the weak U.S. economy. While year-over-year unit revenues had been improving each month in 2002 from a 14% decline in January to a 4% decline in May, unit revenue growth in the third quarter has stalled as demand continues to be weak and yields decline. System passenger unit revenue for the third quarter was down 2% from last year and yields have declined 5% year-over-year.

UAL's loss from operations was \$(646) million in the third quarter of 2002, compared to \$(2.0) billion in the third quarter of 2001. UAL's net loss was \$(889) million (\$(15.57) per share), compared to \$(1.2) billion in the same period of 2001 (\$(21.43) per share).

In the first nine months of 2002, UAL's loss from operations was \$(1.8) billion, compared to \$(2.9) billion in the first nine months of 2001. UAL's net loss for 2002 was \$(1.7) billion (\$(30.96) per share), compared to \$(1.8) billion (\$(34.31) per share) before the cumulative effect of an accounting change in the same period of 2001.

The 2002 loss for the third quarter and nine months includes \$50 million and \$130 million, respectively, in non-operating income received as compensation under the Air Transportation Safety and System Stabilization Act ("the Act"). Additionally, in the third quarter of 2002, the Company

recorded \$418 million in non-cash tax expense to establish a valuation allowance against its deferred tax asset. See "Income Taxes" in the Notes to Consolidated Financial Statements.

The loss for the first nine months includes a gain of \$46 million on the sale of the Company's remaining investment in Cendant Corporation, as well as a charge of \$82 million for costs incurred in connection with the Company's closing of its Avolar subsidiary. See "Special Charges" in the Notes to Consolidated Financial Statements.

The 2001 loss for the quarter and nine months includes a special charge of \$1.3 billion in operating expense and \$49 million in non-operating expense for amounts relating to the September 11 terrorist attacks, as well as \$391 million in compensation received under the Act. The 2001 loss for the nine months also includes a charge of \$116 million for costs associated with a terminated merger. See "Special Charges" in the Notes to Consolidated Financial Statements.

Specific factors affecting UAL's consolidated operations for the third quarter and first nine months of 2002 are described below.

Third Quarter 2002 Compared with Third Quarter 2001

Operating revenues decreased \$370 million (9%) and United's revenue per available seat mile (unit revenue) decreased 4% from 9.52 cents to 9.14 cents. Passenger revenues decreased \$312 million (9%) due to a 5% decrease in revenue passenger miles and a 5% decrease in yield. United's available seat miles across the system were down 7% from the third quarter of 2001; however, passenger load factor increased 2.3 points to 75.4%. The following analysis by market is based on information reported to the U.S. Department of Transportation:

	Increase (Decrease)		
	Available Seat Miles (Capacity)	Revenue Passenger Miles (Traffic)	Revenue Per Revenue Passenger Mile (Yield)
Domestic	(2%)	1%	(10%)
Pacific	(12%)	(8%)	4%
Atlantic	(18%)	(14%)	8%
Latin America	(24%)	(24%)	(11%)
System	(7%)	(5%)	(5%)

Cargo revenues increased \$9 million (6%) due to a 3% increase in cargo ton miles and a 2% increase in yield. Other operating revenues decreased \$67 million (14%) primarily due to an \$86 million decrease in fuel sales to third parties.

Operating expenses decreased \$436 million (9%) and United's cost per available seat mile (unit cost) decreased 3%, from 11.27 cents to 10.90 cents, excluding special charges. Salaries and related costs decreased \$55 million (3%) primarily due to the reduction in force implemented after September 11, partially offset by an increase to pension and postretirement expense as a result of the revaluation of the plans and contractual salary increases for pilots, flight attendants, mechanics and public contact employees. Aircraft fuel decreased \$123 million (19%) due to a 12% decrease in consumption and an 8% decrease in the average cost of fuel from 86.8 cents to 80.2 cents a gallon. Commissions decreased \$20 million (17%) primarily as a result of a decrease in commissionable revenues. In addition, on March 20, 2002, United discontinued paying base commissions on all tickets issued in the U.S. and Canada. Purchased services decreased \$45 million (11%) primarily as a result of volume-driven decreases in GDS (global distribution systems) and credit card discount fees. Cost of sales decreased \$93 million (24%) primarily due to the decreases in costs associated with fuel sales to third parties. Aircraft maintenance decreased \$43 million (25%) due to retirements of older aircraft and a decrease in engine and aircraft repair volumes as a result of reduced flying. Other operating expenses decreased \$43 million (10%) due to decreases in crew layover expenses and volume-driven food and beverage costs, offset by increased costs for hull and liability insurance.

Other non-operating expense amounted to \$139 million in the third quarter of 2002, compared to \$140 million in the third quarter of 2001, excluding the effects of the airline stabilization grant money and the non-operating special charges. Interest expense increased \$29 million (23%) due to new debt issuances and increased borrowing rates. Interest capitalized decreased \$14 million (74%) primarily as a result of lower advance payments on the acquisition of aircraft. Miscellaneous, net decreased \$43 million primarily as a result of lower reserve requirements for legal and environmental costs.

Nine Months 2002 Compared to Nine Months 2001

Operating revenues decreased \$2.4 billion (18%) and United's revenue per available seat mile (unit revenue) decreased 7% from 10.14 cents to 9.45 cents. Passenger revenues decreased \$2.2 billion (20%) due to an 11% decrease in revenue passenger miles and a 10% decrease in yield. United's available seat miles across the system were down 14% from the first nine months of 2001; however, passenger load factor increased 2.5 points to 74.1%. The following analysis by market is based on information reported to the U.S. Department of Transportation:

	Increase (Decrease)		
	Available Seat Miles (Capacity)	Revenue Passenger Miles (Traffic)	Revenue Per Revenue Passenger Mile (Yield)
Domestic	(11%)	(9%)	(12%)
Pacific	(20%)	(10%)	(5%)
Atlantic	(19%)	(16%)	(1%)
Latin America	(20%)	(25%)	(15%)
System	(14%)	(11%)	(10%)

Cargo revenues decreased \$73 million (13%) due to a 12% decrease in cargo ton miles and a 2% decrease in yield. Other operating revenues decreased \$93 million (7%) due to a \$170 million decrease in fuel sales to third parties which was offset by increases to Mileage Plus third party revenues.

Operating expenses decreased \$2.1 billion (14%) and United's cost per available seat mile (unit cost) decreased 1% from 11.32 cents to 11.20 cents, excluding special charges. Salaries and related costs decreased \$411 million (7%) primarily due to the reduction in force implemented after September 11, partially offset by an increase in pension and postretirement expense due to the revaluation of the plans and contractual salary increases for pilots, flight attendants, mechanics and public contact employees. Aircraft fuel decreased \$616 million (31%) due to an 18% decrease in consumption and a 15% decrease in the average price of fuel from 88.7 cents to 75.4 cents a gallon. Commissions decreased \$271 million (45%) as a result of a decrease in commissionable revenues, as well as the result of United discontinuing paying base commissions on all tickets issued in the U.S. and Canada, effective March 20, 2002. Purchased services decreased \$228 million (18%) primarily as a result of volume-driven decreases in GDS and credit card discount fees. Cost of sales decreased \$173 million (16%) primarily due to decreases in costs associated with fuel sales to third parties. Aircraft maintenance decreased \$145 million (25%) due to retirements of older aircraft and a decrease in engine and aircraft repair volumes as a result of reduced flying. Other operating expenses decreased \$187 million (14%) due to decreases in crew layover expenses and volume-driven food and beverage costs, offset by increased costs for hull and liability insurance.

Other non-operating expense amounted to \$395 million in the first nine months of 2002 compared to \$331 million in the same period of 2001, excluding the government grant money, the gain on sale of Cendant shares and the non-operating special charges. Interest expense increased \$62 million (16%) due to new debt issuances and increased borrowing rates. Interest capitalized decreased \$41 million (65%) primarily as a result of lower advance payments on the acquisition of aircraft. Interest income decreased \$32 million (39%) due primarily to lower interest rates. Miscellaneous, net decreased \$57 million primarily as a result of lower reserve requirements for legal and environmental costs.

LIQUIDITY AND CAPITAL RESOURCES

UAL's total of cash, cash equivalents and short-term investments, including restricted cash, was \$2.0 billion at September 30, 2002, compared to \$2.6 billion at December 31, 2001. Cash flows used in operations amounted to \$692 million, including the receipt of \$130 million in government grant money. The Company's operating cash burn rate averaged \$7 million a day in the third quarter 2002, a substantial increase from the second quarter in which the Company's cash burn rate was less than \$1 million a day, adjusted for the impact of unusual items such as the receipt of the government grant money and the deferral of tax payments. The operating cash burn rate is expected to further deteriorate in the fourth quarter due to seasonal trends and the continued weak revenue environment.*

As of September 30, 2002, UAL had a working capital deficit of \$3.1 billion as compared to \$3.0 billion at December 31, 2001. Historically, UAL has operated with a working capital deficit and has relied on working capital to fund a significant portion of its operations. Additionally, because the airline industry is a particularly capital intensive industry, airlines rely heavily on external financing to fund acquisitions of aircraft and equipment. However, since September 11, United has not been able to access the public capital markets and has had limited access to private capital markets.

The Company anticipates significant cash needs for the remainder of 2002 including nearly \$900 million in debt maturities due in the fourth quarter and approximately \$65 million to fund the first of eight quarterly payments due under the new contracts for the International Association of Machinists and Aerospace Workers ("IAM") in December.

Given the Company's substantial debt repayment requirements for the remainder of 2002, the Company is currently engaged in active discussions with lenders, suppliers and others to secure alternative sources of capital, which could include deferring the due dates on some of the upcoming debt maturities. Additionally, in June 2002, the Company filed for federal loan guarantees with the Air Transportation Stabilization Board ("ATSB"), requesting a loan of \$2.0 billion, with \$1.8 billion to be guaranteed by the ATSB. In October 2002, the Company provided an updated business plan to the ATSB. If approved and funded, the loan would help alleviate the liquidity pressure the Company faces.* See "ATSB Loan Application" below for further details.

While UAL's current cash reserves are sufficient to repay the debt maturing in the fourth quarter, the cash reserves then remaining would be insufficient to support the Company's ongoing obligations as it continues to generate negative cash flow from operations. The Company's main priority is to accomplish an out-of-court recovery plan; however, in the absence of federal loan guarantees, and the cost reductions necessary to achieve them, the Company does not expect to be able to raise sufficient liquidity to support its obligations through the end of 2002.* Accordingly, UAL is simultaneously preparing for the potential of a Chapter 11 bankruptcy filing. Should the Company file for bankruptcy, it is anticipated that the labor and other cost reductions required would be deeper and more permanent than in an out-of-court recovery plan.*

Financing activities during the first nine months of 2002 included principal payments under debt and capital lease obligations of \$1.3 billion and \$190 million, respectively. During the first quarter of 2002, United closed on a \$775 million private debt financing which refinanced certain aircraft and raised approximately \$250 million in additional cash. During the second quarter of 2002, United arranged long-term financing for approximately \$314 million in debt that had been placed in interim financing facilities. Also during the second quarter, United repaid \$133 million in receivables-backed short-term borrowings when certain banks supporting the borrowing program declined to renew it. During the third quarter of 2002, United refinanced \$238 million in long-term debt through a sale-leaseback transaction that raised approximately \$72 million in additional cash.

In June 2002, United repaid \$34 million to the Indianapolis Airport Authority, the city of Indianapolis and state of Indiana for failure to reach its capital targets in connection with the construction of the Indianapolis Maintenance Center.

Property additions in the first nine months of 2002, including aircraft and aircraft spare parts, amounted to \$816 million, including \$703 million of vendor-financed purchases. In the first nine months of 2002, United took delivery of six A319, thirteen A320 and four B777 aircraft. All of these aircraft were purchased. United also acquired one B757 and seven B737 aircraft off lease during the period. Additionally, ten owned aircraft were sold and then leased back under operating leases during the third quarter.

During the first nine months of 2002, the Company received approximately \$580 million in net income tax refunds, part of which was a result of changes in the tax laws. In addition, United paid \$290 million in federal transportation taxes that had been deferred under the Act after the September 11 terrorist attacks.

During the first nine months of 2002, the Company received \$137 million in proceeds from the sale of its remaining investment in Cendant Corporation and \$130 million in compensation under the Act. In the third quarter of 2002, the Company received approximately \$113 million in

cash which had been held in trust under a services agreement with Galileo International (now Cendant Corporation).

Certain of United's surety bonds for workers' compensation have been cancelled in various states where United is self-insured. At September 30, 2002, the Company had \$344 million in restricted cash, which primarily consists of deposits posted for various states where United is self-insured for workers' compensation claims. Additionally, letters of credit under a \$150 million secured letter of credit facility that primarily supported workers' compensation claims began expiring in August 2002, with the last letters of credit expiring in December 2002. The issuer has indicated that it will not renew the facility. In addition, certain of United's surety bonds posted to satisfy United's security deposit obligations under its various airport leases have been cancelled. As a result, United has been and may, in the future, be required to post collateral in the form of cash deposits in lieu of letters of credit.*

United's liability insurance for losses resulting from war perils (terrorism, sabotage, hijacking and other similar perils) was cancelled effective September 26, 2001. United obtained replacement coverage, although it is being charged significantly higher premiums for this replacement coverage, and this new coverage is in a substantially reduced amount for claims not involving aircraft passengers.

The FAA is providing excess liability coverage for third party war risk liability for losses to persons other than passengers up to two times the airline's limit of liability available prior to September 11, 2001 for renewable periods up to a year at a time. United's coverage under this FAA policy has been renewed through December 15, 2002, and is likely to be renewed further, subject to the federal government's determination that such coverage is necessary to the national interest.

In addition, United maintains hull war risk insurance which is worldwide, excluding certain countries (to which United does not operate scheduled flights). This coverage is for war and associated perils, including hijacking and confiscation. United experienced a significantly higher premium for reduced coverage due to the events of September 11.

The increase in the Company's total insurance premiums is expected to be in excess of \$120 million for the full year 2002 as compared to 2001.*

As a result of continuing declines in interest rates and the market value of the assets held in its defined benefit pension plans, the Company believes it will be required to record an additional significant minimum pension liability as of December 31, 2002. The minimum pension liability would reflect the amount that the pension plans' accumulated benefit obligation exceeds the plans' assets in excess of amounts previously accrued for pension costs. Although the exact amount of the charge to stockholders' equity is not known at this time, the amount is likely to be in excess of \$1.5 billion (before tax). This charge to stockholders' equity will not affect the Company's financial covenants in any of its debt agreements.

In June 2002, United revalued its pension and postretirement plans as a result of new labor contracts for the IAM and policy changes to salaried and management employee benefits. These changes will result in approximately \$175 million in additional expense on an annualized basis in 2002.

United has not made any cash contributions to its defined benefit pension plan trusts for U.S. based employees in 2001 or 2002. In lieu of making cash contributions, the Company utilized a portion of its credit balance to meet the minimum required contribution. The Company has a remaining credit balance that is available to be used in 2003; however, once the credit balance is fully utilized, substantial contributions may be required. The Company could be required to contribute approximately \$5 billion to its defined benefit pension plan trusts by the end of 2008. Future funding requirements are dependent upon factors such as interest rate levels, changes to pension plan benefits, funded status, regulatory requirements for funding purposes and the level and timing of asset returns as compared with the level and timing of expected benefit disbursements. As such, it is not possible to be more specific with respect to required contributions and actual future contributions may differ materially. United's defined benefit pension plans are currently in compliance with all U.S. government funding requirements.

In conjunction with the ratification of the contracts for the IAM, the Company has provided collateral consisting of certain real estate, flight simulators, ground equipment and spare part assets to support the payment of approximately \$520 million in retroactive wages due under the contracts in eight quarterly installments commencing December 2002.

As of September 30, 2002, the Company has unencumbered aircraft and spare engines valued at approximately \$3.4 billion.

On September 30, 2002, UAL announced that it was suspending the payment of dividends on its 12.25% Series B preferred stock and extending the payment of the December 31 distribution on its 13.25% Trust Originated Preferred Securities ("TOPRs") to March 31, 2003.

In connection with UAL's announcement that it was suspending dividend and distribution payments, Standard & Poor's ("S&P") downgraded UAL's Series B preferred stock and TOPRs to D from CC. S&P's credit rating on United's senior unsecured debt is CC, down from B- in January of 2002. In August 2002, Moody's Investors Service Inc. downgraded its credit ratings on United's senior unsecured debt from Caa1 to Ca and its ratings on UAL's Series B preferred stock and redeemable preferred securities from Ca to C. Downgrades of the Company's credit ratings during 2002 have resulted in an increase of \$2 million in interest expense for the year 2002. Any additional reductions in UAL's or United's credit ratings could result in increased borrowing costs to the Company and might further limit the availability of future financing.

At September 30, 2002, commitments for the purchase of property and equipment, principally aircraft, approximated \$1.6 billion, after deducting advance payments. Of this amount, an estimated \$0.2 billion is expected to be spent during the remainder of 2002. For further details, see "Contingencies and Commitments" in the Notes to Consolidated Financial Statements.

OTHER INFORMATION

ATSB Loan Application

In addition to providing \$5.0 billion in federal grants under the Act, the federal government made \$10.0 billion in loan guarantees available to the airline industry. Under the terms of the Act, the ATSB may guarantee loans if the ATSB determines, in its discretion, that: (1) the borrower is an air carrier for which credit is not reasonably available at the time of the transaction; (2) the intended obligation is prudently incurred; and (3) the guarantee is a necessary part of maintaining a safe, efficient and viable commercial aviation system in the U.S. The Act also requires the ATSB to ensure that the government is compensated for the risk assumed in making the guarantees. Additional requirements and factors for consideration by the ATSB in evaluating any loan guarantee application, set forth in regulations issued by the Office of Management and Budget pursuant to the Act, include: (1) that the air carrier has incurred losses as a result of the events of September 11, 2001, including losses due to

the unavailability of credit or the decrease in demand for services; (2) reasonable assurance that the air carrier will be able to repay the loan according to its terms; and (3) the adequacy of provisions to protect the government, including the sufficiency of security for the loan and the percentage of guarantee requested.

United believes that it is an ideal candidate for federal loan guarantees under the terms of the Act and the related regulations. United's application explains that the Company was significantly impacted financially by the events of September 11, has significant cash needs for the remainder of 2002 and has had limited access to and continues to be unable to reasonably access the capital markets in sufficient amounts. The Company's application proposes an annual guarantee fee payable to the government and substantial collateral (including aircraft, spare engines, route authorities and slots) that will be available if the Company does not meet its obligations under the loan and guarantee.

It is within the discretion of the ATSB to decide whether to issue a guarantee in the amount and on the terms requested or at all. In evaluating the application, the ATSB may also consider whether an equity stake for the federal government in UAL is required and the extent of relief provided by the Company's stakeholders that would improve the Company's financial position.

In response to initial discussions with the ATSB, in August the Company began the process of updating its business plan for submission to the ATSB. In October, the Company submitted an updated business plan which includes details on the Company's discussions with labor groups, lenders and suppliers and outlines plans for non-labor expense and revenue improvements that the Company believes makes a compelling case for federal loan guarantees and the Company's ability to return to financial health and profitability. See "Financial Recovery Plan" and "Further Profit Improvement Initiatives" below for further details.

Financial Recovery Plan

In the aftermath of September 11, and its dramatic impact on the airline industry, the Company developed a four-plank financial recovery plan to get the airline back on the road to financial stability:

- Reducing the size of the airline and cutting both capital and operating spending;
- Maximizing flight revenue;
- Working with employee groups to find further labor savings; and
- Implementing a financing plan to support the Company through these turbulent times.

The Company has realized progress on executing this plan, including reducing its schedule, furloughing employees, retiring fleets and making dramatic cuts in capital spending, as well as improvements in operating efficiency.

In August 2002, the Company began discussions with its various labor groups regarding its updated business plan for submission to the ATSB. In response, the labor groups formed a coalition (the "Union Coalition") to work together toward achieving the necessary cost savings which would enable the Company to achieve financial stability.

As part of the Company's updated business plan submitted to the ATSB in October, the Company and the Union Coalition have targeted \$5.8 billion in labor cost savings over a five and a half year period. The Company is in ongoing discussions with the individual coalition members to finalize their component of the labor cost savings. Among other things, as part of these discussions, it is also contemplated that employees would receive options on the Company's common stock as well as participation in a broad-based profit sharing program.

The Company's updated business plan incorporates a 12% reduction in capacity and a \$1.2 billion reduction in 2003 through 2005 capital spending as compared to the previous business plan.

Further Profit Improvement Initiatives

Beyond the cost and revenue improvements contained in the financial recovery plan, the Company is also developing a plan to address non-labor expenses and revenue improvements. The plan redirects United's core and historic strengths and is designed to lower costs, enhance revenue (both by increasing United's market share as well as raising yields) and improve the productivity of all of the Company's assets. Through the plan, the Company will focus on these key areas:

- Increasing the efficiency of its route network through actions such as code shares, alliances and greater deployment of regional jets;
- Reducing the cost of sales, such as credit card fees, GDS fees and travel agent costs;
- Seizing opportunities to improve the management of air traffic and irregular operations, thus improving on-time performance and reliability;
- Realigning product offerings to ensure they are cost effective, and in some cases, such as Red Carpet Clubs, ensuring they are profitable on their own; and
- Improving processes and productivity, particularly in airports and maintenance, by utilizing more advanced technology.

The Company expects to realize at least \$1.4 billion in annual revenue and expense improvements by 2004 as a result of these initiatives and has put in place a process for developing an additional \$400 million in savings.*

However, were the Company to file for bankruptcy, it is anticipated that the Company would need to seek deeper and more permanent cost reductions from labor groups, lenders, suppliers and other stakeholders than are discussed above and included in the updated business plan submitted to the ATSB.*

US Airways Code Share

As part of its profit improvement initiatives, on July 24, 2002, the Company announced a code share agreement with US Airways. The agreement, which is expected to generate more than \$200 million in annual revenue for United, would allow both carriers to market service on each other's network, providing significant consumer benefits and bringing new revenue and customers to their route networks.*

On October 2, 2002, the DOT notified both United and US Airways that it had concluded its review of the agreement. While US Airways has filed for Chapter 11 bankruptcy protection subsequent to the signing of this agreement, US Airways has sought and obtained an order from the bankruptcy court authorizing it to assume the code sharing agreement.

Beginning October 14, 2002, United and US Airways customers have access to each carriers' airport clubs. Additionally, in the coming

months, customers will be able to earn and redeem miles on each carriers' frequent flyer program. Code share flights will be phased in starting in the first quarter of 2003.*

OUTLOOK

The Company expects to report a significant fourth quarter and full year loss. Due to the negative impact September 11, 2001 had on bookings, booked load factors are compared to those in 2000. For October, United's booked load factors are comparable to those in October 2000. November's booked load factor is running several points behind, while December is currently booked only about one point lower. Capacity for the fourth quarter is expected to increase 5% from the same quarter in 2001 and unit costs, excluding United's fuel subsidiary, are expected to increase 5% year-over-year.

Fuel price in the fourth quarter is projected to increase 13% from last year's fourth quarter. Additionally, the Company has 36% of its expected fuel consumption hedged at a strike price of \$24.30 per barrel of crude oil. During the fourth quarter, the Company's fuel hedging program is expected to reduce fuel costs by \$26 million.

Total capital spending for 2002 is expected to be \$1.1 billion, a reduction of \$100 million from previous guidance. The Company has reduced non-aircraft capital spending by \$100 million for the second half of the year, and as a result of the Company's previously announced aircraft deferrals, there will be no aircraft capital spending in 2003.

In October, United announced that it was closing three reservation centers, a maintenance line and four international stations and converting five stations in the U.S. to United Express service. In addition, the Company plans to downgauge the equipment used in several markets in order to better match capacity to demand. These actions are expected to save the Company approximately \$220 million annually.

Information included in the above "Outlook" section, as well as information identified with an asterisk (*) is forward-looking and involves risks and uncertainties that could result in actual results differing materially from expected results. Forward-looking statements represent the Company's expectations and beliefs concerning future events, based on information available to the Company as of the date of this filing. Some factors that could significantly impact net earnings, revenues, expenses, cash balance, cash burn rate, capital spending, load factors and capacity include, without limitation, the economy and the demand for air travel; the higher costs associated with new airline security directives and any other increased regulation of air carriers; the significantly higher costs of aircraft insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance will continue to be available; the ability to raise and the cost of financing in light of the September 11 events and the possibility of any further credit downgrades of the Company; the cost of crude oil and jet fuel; industry capacity decisions; the success of the Company's out-of-court recovery plan; the success of the Company's implementation of its financial recovery plan and further profit improvement initiatives; the outcome of the ATSB loan guarantee process; willingness of customers to travel; the mix of business and leisure fare travel; actions of the U.S., foreign and local governments; the stability of the U.S. economy; any additional terrorist activity and/or war; the economic environment of the airline industry and the economic environment in general.

Investors should not place undue reliance on the forward-looking information contained herein, which speaks only as of the date of this filing. UAL disclaims any intent or obligation to update or alter any of the forward-looking statements whether in response to new information, unforeseen events, changed circumstances or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding the Company's exposure to certain market risks, see Item 7A. Quantitative and Qualitative Disclosures About Market Risk in UAL's Annual Report on Form 10-K for the year 2001.

Interest Rate Risk -

<u>(In millions, except average contract rates)</u>	<u>Notional</u>	<u>Average</u>	<u>Estimated</u>
	<u>Amount</u>	<u>Contract Rate</u>	<u>Fair Value</u>
			(Pay)/Receive*
Interest rate swap	\$ 130	7.56%	\$ (25)

Foreign Currency Risk -

<u>(In millions, except average contract rates)</u>	<u>Notional</u>	<u>Average</u>	<u>Estimated</u>
	<u>Amount</u>	<u>Contract Rate</u>	<u>Fair Value</u>
			(Pay)/Receive*
Forward exchange contracts			
Euro - Purchased forwards	\$ 202	1.28	\$ (26)
Currency options			
Japanese Yen - Purchased put options	\$ 7	132.53	\$ -
Australian Dollar - Purchased put options	\$ 7	0.51	\$ -
British Pound - Purchased put options	\$ 14	1.37	\$ -
Euro - Purchased put options	\$ 35	0.86	\$ -
Canadian Dollar - Purchased put options	\$ 29	1.66	\$ -
Correlation Basket Option - Sold	\$ 92	N/A	\$ -

Price Risk (Aircraft fuel) -

<u>(In millions, except average contract rates)</u>	<u>Notional</u>	<u>Average</u>	<u>Estimated</u>
	<u>Amount</u>	<u>Contract Rate</u>	<u>Fair Value</u>
			(Pay)/Receive*
Purchased forward contracts - Crude oil	\$ 131	\$ 24.22/bbl	\$ 27
Purchased forward contracts - Heating oil	\$ 47	\$ 28.72/bbl	\$ 7

*Estimated fair values represent the amount United would pay/receive on September 30, 2002 to terminate the contracts.

Item 4. Controls and Procedures

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures. Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Subsequent to the date of their evaluation, there were no significant changes in the Company's internal controls or in other factors that could significantly affect the disclosure controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Hall d.b.a. Travel Specialists v. United

As previously reported in our Form 10-Q for the period ended June 30, 2002 and our Form 10-K for the year ended December 31, 2001, filed March 8, 2002, a North Carolina travel agent filed an antitrust class action suit against United (and other carriers) initially in state court and then in federal court in North Carolina following the reduction by United (and other carriers) in November 1999 of commission rates payable to travel agents. Plaintiffs allege that United and the other carrier-defendants conspired to fix travel agent commissions in violation of the Sherman Act and seek treble damages and injunctive relief. Subsequent to this initial filing, the case has been expanded by the addition of five new travel agencies, ARTA, and eight new carrier defendants, including two Star Alliance carriers. In addition, the court has allowed the addition of claims related to carriers' commission reduction actions in 1997, 1998, 2001, and 2002. Earlier this year the Court granted plaintiffs' motion to certify the case as a class action consisting of all U.S. (and its possessions) travel agencies. Discovery is currently proceeding and is set to close on November 13, 2002. A trial date has been set for April 28, 2003.

Plaintiffs, in a recent filing, have claimed damages, assuming liability, in the amount of approximately \$13 billion dollars, although United's alleged share of this amount has not been determined by plaintiffs.

In addition to the Hall case, United has been named in several other cases filed in the U.S. and Canada, involving commission rates payable to travel agencies. These cases are in their early stages. United does not expect the outcome of Hall and the related cases to have any material effect upon UAL's consolidated financial position or results of operations.

Litigation Associated with September 11 Terrorism

As previously reported in our Form 10-Q for the period ended June 30, 2002, twenty-five lawsuits are pending against United in the U.S. District Court for the Southern District of New York related to the September 11, 2001 terrorist attacks. The complaints, filed on behalf of passengers and ground victims, seek monetary damages and allege that United breached its duty of care to the passengers or the people and businesses on the ground and that the breach caused the hijacking and subsequent deaths and property destruction.

United anticipates the filing of additional lawsuits related to the September 11 attacks in the future. Under federal law, United's financial exposure on all such claims is limited to the amount of United's insurance coverage.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

A list of exhibits included as part of this Form 10-Q is set forth in an Exhibit Index that immediately precedes such exhibits.

(b) Form 8-K dated July 18, 2002 to report a cautionary statement for purposes of the "Safe Harbor for Forward-Looking Statements" provision of the Private Securities Litigation Reform Act of 1995.

Form 8-K dated August 14, 2002 to report the Statements under Oath of the Principal Executive Officer and Principal Financial Officer of UAL Corporation.

Form 8-K dated September 20, 2002 to report information regarding funding of the Company's pension plans.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UAL CORPORATION

By: /s/ Frederic F. Brace

Frederic F. Brace

Executive Vice President and

Chief Financial Officer

(principal financial and
accounting officer)

Certification of the Principal Executive Officer

Pursuant to 18 U.S.C. 1350

(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Glenn F. Tilton, the Chairman and Chief Executive Officer of UAL Corporation (the "Company") certify that to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended September 30, 2002 of the Company (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Glenn F. Tilton

Glenn F. Tilton
UAL Corporation
Chairman and Chief Executive Officer

October 25, 2002

Certification of the Principal Financial Officer

Pursuant to 18 U.S.C. 1350

(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Frederic F. Brace, the Executive Vice President and Chief Financial Officer of UAL Corporation (the "Company") certify that to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended September 30, 2002 of the Company (the "Report"):

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frederic F. Brace

Frederic F. Brace
UAL Corporation
Executive Vice President and Chief Financial Officer

October 25, 2002

Certification of the Principal Executive Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Glenn F. Tilton, the Chairman, President and Chief Executive Officer of UAL Corporation (the "Company"), certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of the Company;
- (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
- (4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- (5) The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Glenn F. Tilton

Glenn F. Tilton
UAL Corporation
Chairman, President and Chief Executive Officer

October 25, 2002

Certification of the Principal Financial Officer

Pursuant to 15 U.S.C. 78m(a) or 78o(d)

(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Frederic F. Brace, the Executive Vice President and Chief Financial Officer of UAL Corporation (the "Company"), certify that:

(1) I have reviewed this quarterly report on Form 10-Q of the Company;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

(4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Frederic F. Brace

Frederic F. Brace
UAL Corporation
Executive Vice President and Chief Financial Officer

October 25, 2002

<u>Exhibit Index</u>	
<u>Exhibit No.</u>	<u>Description</u>
10.1	UAL Corporation 2002 Share Incentive Plan
10.2	UAL Corporation 1995 Directors Plan
10.3	Employment Agreement between United Air Lines, Inc., UAL Corporation and Glenn F. Tilton
10.4	Agreement between United Air Lines, Inc., UAL Corporation and Rono J. Dutta
10.5	Agreement between United Air Lines, Inc., UAL Corporation and Andrew P. Studdert
12.1	Computation of Ratio of Earnings to Fixed Charges
12.2	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements

UAL CORPORATION
2002 SHARE INCENTIVE PLAN

1. Purpose of the Plan

The purposes of the UAL Corporation 2002 Share Incentive Plan (the "Plan") are (1) to attract and retain outstanding individuals as officers and key employees of UAL Corporation (the "Company") and its subsidiaries, to further align such persons' interests with those of the Company's shareholders through compensation that is based on shares of the Company's common stock, par value \$.01 per share ("Common Stock"), and to furnish incentives to such persons by providing such persons opportunities to acquire shares of Common Stock or monetary payments based on the value of such shares or both, on advantageous terms as herein provided; and (2) to provide for the grant of equity-based awards to non-union employees pursuant to the Company's recovery plan.

2. Definitions

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

- (a) Award: An Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Share or Other Share-Based Award granted pursuant to the Plan.
- (b) Board: The Board of Directors of the Company.
- (c) Code: The U.S. Internal Revenue Code of 1986, as amended, or any successor law.
- (d) Committee: As applicable, the Compensation Administration Committee or the Compensation Committee of the Board.
- (e) Common Stock: The Company's common stock, par value \$.01 per share.
- (f) Company: UAL Corporation.
- (g) Effective Date: The date specified in Section 5 of the Plan.
- (h) Exchange Act: The U.S. Securities Exchange Act of 1934, as amended, or any successor law.
- (i) Exercise Price: The purchase price per share of Common Stock under the terms of an Incentive Stock Option or Nonqualified Stock Option or Stock Appreciation Right as determined pursuant to Section 6, 7 or 9, respectively, of the Plan.
- (j) Fair Market Value: Unless otherwise determined by the Committee, the fair market value of the Company's shares of Common Stock as of any date shall be the mean between the lowest and highest reported sale prices of the Common Stock on that date on the New York Stock Exchange as reported in the Wall Street Journal.
- (k) Incentive Stock Option: A stock option granted pursuant to Section 6 of the Plan.
- (l) Nonqualified Stock Option: A stock option granted pursuant to Section 7 of the Plan.
- (m) Other Share-Based Awards: Awards granted pursuant to Section 10 of the Plan.
- (n) Participant: Officers and other employees of the Company and its Subsidiaries as the Committee in its sole discretion may designate from time to time to participate hereunder.
- (o) Plan: The UAL Corporation 2002 Share Incentive Plan, as may be amended from time to time.
- (p) Restricted Share: A restricted share of Common Stock granted pursuant to Section 8 of the Plan.
- (q) Stock Appreciation Right: A stock appreciation right granted pursuant to Section 9 of the Plan.
- (r) Subsidiary: United Air Lines, Inc., any other corporation all of the outstanding voting stock of which is owned, directly or indirectly, by the Company, and any other such entity, corporate or otherwise, as the Company in its sole discretion from time to time determines to be a Subsidiary.

3. Shares Subject to the Plan

There is hereby reserved for issuance under the Plan the sum of: (i) 12,500,000 shares of Common Stock; (ii) all shares of

Common Stock that are available for the issuance of awards as of the Effective Date under the UAL Corporation 1998 Restricted Stock Plan (the "Restricted Stock Plan"); and (iii) shares of Common Stock that, as of the Effective Date, are represented by awards granted under the Restricted Stock Plan that are (A) subsequently forfeited, expired or canceled without the delivery of shares of Common Stock or (B) withheld by the Company to satisfy any applicable tax withholding obligations. Such sum shall be reduced to the extent such shares of Common Stock are used for the grant of equity-based awards out of treasury shares under the UAL Corporation Pilots Stock Option Plan as part of the Company's recovery plan and the Company decides to use shares of Common Stock reserved for issuance under this Plan. In addition, any shares of Common Stock that are represented by Awards granted under the Plan that are forfeited, expired or canceled without delivery of shares of Common Stock or that the Company withholds to satisfy any applicable tax withholding obligations shall again be available for issuance under the Plan. All of the shares of Common Stock described in Section 3 above may, but need not be, issued pursuant to the exercise of Incentive Stock Options. If the purchase price of any Incentive Stock Option or Nonqualified Stock Option granted under the Plan is satisfied by tendering shares of Common Stock to the Company (either by actual delivery or attestation), only the number of shares of Common Stock issued net of the shares of Common Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares of Common Stock available for delivery under the Plan. Until such date as this Plan is approved by the Company's Stockholders ("Shareholder Approval Date"), if any, shares of Common Stock issued under this Award shall consist exclusively of treasury shares. After the Shareholder Approval Date, shares of Common Stock issued under the Plan may consist of newly issued or treasury shares.

4. Administration

All Awards granted under the Plan shall be granted by either the Compensation Administration Committee or the Compensation Committee of the Board. The Plan shall be administered by the Compensation Administration Committee for all grants with respect to any "officer" as that term is defined in Rule 16a-1(f) under the Exchange Act, or any other grant after the Shareholder Approval Date to covered employees for purposes of Section 162(m) of the Code to the extent necessary or proper to preserve deductibility of the compensation expense associated with such grant under Section 162(m); and the Compensation Committee for all other grants. However, an Award granted under the Plan shall not be ineffective solely because it is granted by the Compensation Administration Committee or the Compensation Committee not in accordance with the preceding sentence. The Committee is authorized to interpret the provisions of the Plan, to determine the terms and conditions of Awards to be granted under the Plan and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to or inconsistent with the express provisions of the Plan. Determinations, decisions and actions of the Committee in connection with the construction, interpretation, administration or application of the Plan will be final, conclusive and binding upon any Participant and any person claiming under or through the Participant. No member of the Committee will be liable for any determination, decision or action made in good faith with respect to the Plan or any Awards granted under the Plan. To the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Committee will have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States. This Plan is not intended to modify or limit the powers, duties or responsibilities of either the Board or the Committee as set forth under the UAL Corporation Restated Certificate of Incorporation.

5. Term of the Plan

The Plan shall be effective as of July 29, 2002 and shall remain in effect as long as any Awards under it remain outstanding. No Award may be granted under the Plan after the tenth anniversary of the Effective Date, but the term of any Award theretofore granted may extend beyond that date.

6. Incentive Stock Options

Incentive Stock Options are intended to satisfy the requirements applicable to "incentive stock options" described in Section 422(b) of the Code or any successor provision. Incentive Stock Options may be granted under the Plan only if the Shareholder Approval Date is before the first anniversary of the Effective Date. Incentive Stock Options shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

- (a) The Exercise Price shall not be less than the Fair Market Value of a share of Common Stock on the date of grant of such Incentive Stock Option. Options shall be exercisable at such time and upon such terms and conditions, as may be determined by the Committee.
- (b) The term of each Option shall be fixed by the Committee; in no event, however, shall the period for exercising an Incentive Stock Option extend more than 10 years from the date of grant.
- (c) The aggregate Fair Market Value (determined on the date of grant) of the shares of Common Stock for which Incentive Stock Options are exercisable for the first time in any calendar year (under all options plans of the Company and its parent and subsidiary corporations) for any Participant shall not exceed \$100,000.
- (d) Incentive Stock Options shall not be transferable by a Participant other than by will or the laws of descent and distribution and shall only be exercisable by the Participant during his or her lifetime.
- (e) The Exercise Price of Incentive Stock Options granted to any individual who at the time of such grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporations (within the meaning of Section 422(b) of the Code) shall not be less than 110% of the Fair Market Value of the Common

Stock on the date of grant and the term of any Incentive Stock Option granted to such individual shall not exceed five years from the date of grant.

7. Nonqualified Stock Options

Nonqualified Stock Options are not intended to satisfy the requirements applicable to "incentive stock options" described in Section 422(b) of the Code or any successor provision, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

- (a) The Exercise Price shall not be less than the Fair Market Value of a share of Common Stock on the date of grant of such Nonqualified Stock Option. Nonqualified Stock Options shall be exercisable at such time and upon such terms and conditions, as may be determined by the Committee.
- (b) The term of each Nonqualified Stock Option shall be fixed by the Committee; in no event, however, shall the period for exercising a Nonqualified Stock Option extend more than 10 years from the date of grant.

8. Restricted Shares

The Committee is hereby authorized to grant Awards of Restricted Shares to Participants with the following terms and conditions.

- (a) During the Restricted Period (as defined in Section 8(b)), Participant shall not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the Restricted Shares. Upon grant of the Award of Restricted Shares, however, Participant shall thereupon be a stockholder with respect to all shares of Common Stock subject to the Restricted Share Award and shall have all the rights of a stockholder with respect to such shares of Common Stock, including the right to vote such shares and to receive all dividends and other distributions.
- (b) The term "Restricted Period" shall mean any period as set by the Committee, not to exceed ten years, said period to end sooner, upon the occurrence of any of the following:
 - (i) the dissolution of the Company, or any merger or consolidation of the Company where the Company is not the surviving corporation and the surviving corporation does not agree to exchange the Restricted Shares outstanding hereunder for shares of stock or securities of which it is the issuer having an aggregate value equal to the aggregate value of such Restricted Shares; or
 - (ii) a determination by the Committee at any time to accelerate or terminate such Restricted Period, but only to the extent of such determination.
- (c) Unless and to the extent the Committee determines to end the Restricted Period with respect to any such Restricted Shares pursuant to Section 8(b)(ii), if a Participant ceases to be an employee of the Company or any Subsidiary for any reason, all such Participant's Restricted Shares which at such time remain subject to restrictions imposed hereunder shall be forfeited and returned to the Company, and the reserve of shares of Common Stock subject to the Plan, as described in Section 3, shall be increased by the number of Restricted Shares returned and such shares of Common Stock may again be subject to allocation under the Plan.
- (d) The restrictions set forth in Section 8(c) shall lapse with respect to Restricted Shares when the Restricted Period applicable to such shares expires, as described in Section 8(b).

9. Stock Appreciation Rights

The Committee may, in its discretion, grant a Stock Appreciation Right to the holder of any Nonqualified Stock Option granted hereunder. In addition, a Stock Appreciation Right may be granted independently of and without relation to any Nonqualified Stock Option. Stock Appreciation Rights shall be subject to such terms and conditions consistent with the Plan as the Committee shall impose from time to time including the following:

- (a) A Stock Appreciation Right may be granted with respect to a Nonqualified Stock Option at the time of its grant or at any time thereafter up to six (6) months prior to its expiration.
- (b) Each Stock Appreciation Right will entitle the Participant to elect to receive in cash up to 100% of the appreciation in Fair Market Value of the shares of Common Stock subject thereto up to the date the Stock Appreciation Right is exercised. In the case of a Stock Appreciation Right issued in relation to a Nonqualified Stock Option, such appreciation will be measured from the Nonqualified Stock Option's Exercise Price. In the case of a Stock Appreciation Right issued independently of any Nonqualified Stock Option, the appreciation shall be measured from not less than the Fair Market Value of a share of Common Stock on the date the Stock Appreciation Right is granted.
- (c) The Committee shall have the discretion to satisfy a Participant's right to receive the amount of cash as determined in Section 9(b), in whole or in part, by the delivery of shares of Common Stock valued as of the date of the Participant's election.
- (d) In the event of a Stock Appreciation Right, the number of shares of Common Stock reserved for issuance hereunder (and the shares of Common Stock subject to the related Nonqualified Stock Option, if any) shall be reduced by the number of shares of Common Stock with respect to which the Stock Appreciation Right is exercised.

10. Other Share-Based Awards

The Committee, in its sole discretion, may grant to Participants such other Awards including, without limitation, dividends and dividend equivalents and other Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value, of shares of Common Stock ("Other Share-Based Awards"). Such Other Share-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more shares of Common Stock (or the equivalent cash value of such shares of Common Stock) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Share-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine: (i) to whom and when Other Share-Based Awards will be made; (ii) the number of shares of Common Stock to be awarded under (or otherwise related to) such Other Share-Based Awards; (iii) whether such Other Share-Based Awards shall be settled in cash, shares of Common Stock or a combination of cash and shares of Common Stock; and (iv) all other terms and conditions of such Other Share-Based Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all shares of Common Stock so awarded and issued shall be fully paid and nonassessable).

11. Nontransferability of Awards

Except as otherwise provided by the Committee, each Award granted under this Plan shall not be transferable other than by will or the laws of descent and distribution, and shall be exercisable, during the Participant's lifetime, only by the Participant.

12. Other Provisions

The grant of any Award under the Plan may also be subject to other provisions (whether or not applicable to the grant of an Award to any other Participant) as the Committee determines appropriate, including, without limitation, provisions requiring that grants of Awards under the Plan be evidenced by an agreement (in writing or other form deemed appropriate by the Committee); provisions concerning vesting; provisions concerning exercise periods following termination of employment; provisions for the payment of the Exercise Price of Incentive Stock Options and Nonqualified Stock Options by delivery of other shares of Common Stock having a then Fair Market Value equal to the Exercise Price of such Incentive Stock Options or Nonqualified Stock Options; restrictions on resale or other disposition of shares of Common Stock delivered in connection with such Awards; such provisions or, as determined by the Committee, modifications to outstanding Awards as may be appropriate to comply with federal or state securities laws and stock exchange requirements; and understandings or conditions as to the Participant's employment in addition to those specifically provided for under the Plan.

13. Tax Withholding

The Company shall be entitled to withhold the amount of taxes which the Company deems necessary to satisfy any applicable federal, state and local tax withholding obligations arising from Awards granted under the Plan, or to make other appropriate arrangements with Participants to satisfy such obligations. At the discretion of the Committee, the Company may satisfy its withholding obligations by deducting or withholding from any transfer or payment to a Participant, or may require payment from a Participant, in the form of cash or other property, including shares of Common Stock prior to the exercise of an Award or prior to the delivery of any shares of Common Stock pursuant to the Award.

14. Limitation of Implied Rights

(a) Neither a Participant nor any other person shall, by reason of participation in the Plan or the grant of any Award hereunder, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the shares of Common Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any amounts to any person.

(b) The Plan does not constitute a contract of employment, and selection as a Participant will not give such Participant the right to be so retained in the employ of the Company or any Subsidiary, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award granted under the Plan shall confer upon any Participant any rights as shareholder of the Company prior to the date on which the Participant fulfills all conditions for receipt of such rights.

15. Successors and Assigns

The Plan and any Award granted thereafter shall be binding on all successors and assigns of the Company and a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

16. Adjustment Provisions

In the event of a corporate transaction involving the Company (including, without limitation, any Common Stock dividend, Common Stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the Committee may adjust Awards without enlargement or diminution to preserve the benefits or potential benefits of

the Awards intended to be made available under the Plan. Action by the Committee may include: (i) adjustment of the number and kind of shares which may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the Exercise Price of outstanding Incentive Stock Options, Nonqualified Stock Options and Stock Appreciation Rights; (iv) cancellation or termination of outstanding Awards in exchange for a payment (in cash or property) to the Participant of an amount determined by the Committee prior to such provision to be equitable; (v) substitution of other awards or rights in place of outstanding Awards on terms and conditions determined by the Committee prior to such provision to be equitable; and (vi) any other adjustments that the Committee determines prior to such provision to be equitable or appropriate.

17. Amendment or Termination

The Board may amend the Plan from time to time or terminate the Plan at any time, but no such action, without the Participant's consent, shall adversely affect the rights of a Participant under any Award granted.

18. Choice of Law

Unless otherwise specified, the Plan and any Award granted thereunder shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to conflicts of laws. In the event of any conflict or inconsistency between the Plan and an Award document, the Plan shall prevail.

UAL CORPORATION 1995 DIRECTORS PLAN
(As Amended and Restated Effective as of October 24, 2002)

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UAL CORPORATION
1995 DIRECTORS PLAN

(As Amended and Restated Effective as of October 24, 2002)

SECTION 1

General

1.1. Purpose, History and Effective Date. UAL Corporation (the "Company") previously maintained the UAL Corporation 1992 Stock Plan for Outside Directors (the "Prior Plan") which provided certain benefits to non-employee directors of the Company. In order to (i) encourage stock ownership by directors to further align their interests with those of the stockholders of the Company, while at the same time providing flexibility for directors who, due to their individual circumstances, may be unable to take stock in lieu of cash compensation, and (ii) add certain deferral features for fees and stock awards and other items of cash compensation as determined by the Board of Directors, the Company authorized a variety of compensation alternatives, including those set forth in the Prior Plan, that would be available to Outside Directors (as defined in subsection 1.2) and established the UAL Corporation 1995 Directors Plan (the "Plan"). The Plan and any and all amendments thereto were effective immediately upon the respective approval thereof by the Board of Directors, except that subsections 1.4, 1.5, 1.7, 1.8, 2.1, 3.1, 3.2 and 3.4 and all references to Stock Awards, Stock Deferrals and the Company Stock Subaccount were first effective on and the Prior Plan was terminated as of July 3, 1995 (the "Initial Effective Date"). Stock deferrals made prior to the Initial Effective Date under the Prior Plan were treated as deferrals under subsection 4.2 of the Plan. The following provisions constitute an amendment, restatement and continuation of the Plan as in effect immediately prior to October 24, 2002.

1.2. Participation. Only Outside Directors shall be eligible to participate in the Plan. As of any applicable date, an "Outside Director" is a person who is serving as a director of the Company who is not an employee of the Company or any subsidiary of the Company as of that date.

1.3. Administration. The authority to manage and control the operation and administration of the Plan shall be vested in the Executive Committee of the Board (the "Committee"). Subject to the limitations of the Plan, the Committee shall have the sole and complete authority to:

- (a) interpret the Plan and to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan;
- (b) correct any defect or omission and to reconcile any inconsistency in the Plan or in any payment made hereunder; and

(c) to make all other determinations and to take all other actions necessary or advisable for the implementation and administration of the Plan. The Committee's determinations on matters within its control shall be conclusive and binding on the Company and all other persons. Notwithstanding the foregoing, no member of the Committee shall act with respect to the administration of the Plan except to the extent consistent with the exempt status of the Plan under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 16b-3").

1.4. Shares Subject to the Plan. Shares of stock which may be distributed under the plan are shares of common stock of the Company, par value \$.01 per share ("Stock"). The maximum number of shares of Stock which shall be available for distribution or issuance pursuant to the Plan shall be 400,000, all of which shall consist of treasury shares of Stock (including, in the discretion of the Company, shares of Stock purchased in the open market). The number of such shares of Stock to be distributed pursuant to (i) Outside Directors' elections to receive shares of Stock in lieu of Eligible Cash Fees (as described in subsection 3.1) shall be determined in accordance with Section 3, (ii) awards of Deferred Stock Units (as described in subsection 2.2) shall be determined in accordance with subsection 2.2, (iii) Outside Directors' Deferral Elections (as described in Section 4) shall be determined in accordance with Section 4 and (iv) stock awards (as described in subsection 2.1) shall be determined in accordance with subsection 2.1; provided, however, that:

(a) in the event of any merger, consolidation, reorganization, recapitalization, spinoff, stock dividend, stock split, reverse stock split, rights offering, exchange or other change in the corporate structure or capitalization of the Company affecting the Stock, the number and kind of shares of Stock available for awards under Section 2 and the annual awards of Stock and Deferred Stock Units provided thereunder shall be equitably adjusted in such manner as the Committee shall determine in its sole judgment;

(b) in determining what adjustment, if any, is appropriate pursuant to paragraph (a), the Committee may rely on the advice of such experts as they deem appropriate, including counsel, investment bankers and the accountants of the Company; and

(c) no fractional shares shall be granted pursuant to any adjustment pursuant to paragraph (a), although cash payments may be authorized in lieu of fractional shares that may otherwise result from such an equitable adjustment.

1.5. Compliance with Applicable Laws. Notwithstanding any other provision of the Plan, the Company shall have no obligation to deliver any shares of Stock under the Plan unless such delivery would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity. Prior to the delivery of any shares of Stock under the Plan, the Company may require a written statement that the recipient is acquiring the shares for investment and not for the purpose or with the intention of distributing the shares. If the redistribution of shares is restricted pursuant to this subsection 1.5, the certificates representing such shares may bear a legend referring to such restrictions.

1.6. Director and Shareholder Status. The Plan will not give any person the right to continue as a director of the Company, or any right or claim to any benefits under the Plan unless such right or claim has specifically accrued under the terms of the Plan. Participation in the Plan shall not create any rights in a director (or any other person) as a shareholder of the Company until shares of Stock are registered in the name of the director (or such other person).

1.7. Definition of Fair Market Value. The "Fair Market Value" of a share of Stock on any date shall be equal to the average of the high and low prices of a share of Stock reported for New York Stock Exchange Composite Transactions for the applicable date or, if there are no such reported trades for such date, for the last previous date for which trades were reported.

1.8. Source of Payments. Except for Stock actually delivered pursuant to the Plan, the Plan constitutes only an unfunded, unsecured promise of the Company to make payments or awards to directors (or other persons) or deliver Stock in the future in accordance with the terms of the Plan.

1.9. Nonassignment. Neither a director's nor any other person's rights to payments or awards under the Plan are subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the director.

1.10. Elections. Any notice or document required to be filed with the Committee under the Plan will be properly filed if delivered or mailed by registered mail, postage prepaid, or sent via facsimile or by electronic mail, to the Committee, in care of the Company's Corporate Secretary's Office, at the Company's principal executive offices. The Committee may, by advance written notice to affected persons, revise such notice procedure from time to time. Any notice required under the Plan may be waived by the person entitled thereto.

SECTION 2

Awards

2.1. Formula Stock Awards. As of the first business day of January of each year commencing on and after January 1, 1997, each Outside Director shall be awarded 400 shares of Stock ("Stock Award").

2.2. Deferred Stock Units. As of December 31, 2002 and each December 31st thereafter, each person who was an Outside Director at any time during the calendar year ended on that date shall be awarded 189 deferred stock units (each such unit representing the right to receive a share of Stock at a future date) ("Deferred Stock Units"). Notwithstanding the foregoing, the number of Deferred Stock Units awarded to an Outside Director who is not an Outside Director for the entire calendar year shall be prorated based on the number of whole calendar months he or she was an Outside Director during such calendar year.

SECTION 3

Receipt of Stock in Lieu of Eligible Cash Fees

3.1. Election to Receive Stock. Subject to the terms and conditions of the Plan, including subsection 3.3, each Outside Director may elect (but not retroactively) to forego receipt of all or any portion of the Eligible Cash Fees (as defined below) payable to him or her for any period and instead to receive whole shares of Stock of equivalent value to the Eligible Cash Fees so foregone (determined in accordance with subsection 3.4). An election under this subsection 3.1 to have Eligible Cash Fees paid in shares of Stock shall be valid only if it is in writing, signed by the Outside Director, and filed with the Committee in accordance with uniform and nondiscriminatory rules adopted by the Committee and shall be effective with respect to Eligible Cash Fees payable after the date on which it is received by the Committee (or as soon as practicable thereafter) or such later date specified in the election. For purposes of the Plan, the term "Eligible Cash Fees" means the retainer fees, meeting fees, committee fees, committee chair fees, and any other items of cash compensation as designated by the Board of Directors that would otherwise be payable to the Outside Director by the Company in cash as established, from time to time, by the Board or any committee thereof, including without limitation, the amounts credited to an Outside Director's Deferred Compensation Account (as hereinafter defined) pursuant to resolutions (the "Retirement Plan Resolutions") adopted by the Board on September 26, 1996 in respect of the cessation of benefit accruals under the UAL Corporation Retirement Plan for Outside Directors (the "Retirement Plan").

3.2. Revocation of Election to Receive Stock. Once effective, an election pursuant to subsection 3.1 to receive Stock shall remain in effect until it is revised or revoked. Any such revision or revocation shall be in writing, signed by the Outside Director and filed with the Committee and shall be effective with respect to Eligible Cash Fees payable after the date on which it is received by the Committee (or as soon as practicable thereafter) or such later date specified in such notice.

3.3. Election Pursuant to Retirement Plan Resolutions. If no election to have Eligible Cash Fees which have been credited to an Outside Director's Deferred Compensation Account pursuant to the Retirement Plan Resolutions deferred in the form of cash is received on or before December 1, 1996, such Outside Director shall automatically be deemed to have elected to have such fees deferred in the form of Stock.

3.4 Equivalent Amount of Stock.

(a) The number of whole shares of Stock to be distributed to any Outside Director, or credited to his or her Deferred Compensation Account (as defined in subsection 4.3) pursuant to a Deferral Election made in accordance with Section 4, by reason of his or her election pursuant to subsection 3.1 to receive Stock in lieu of Eligible Cash Fees or pursuant to subsection 3.3 shall be equal to:

(i) the amount of the Eligible Cash Fees which the Outside Director has elected to have paid to him or her in shares of Stock or credited to his or her Company Stock Subaccount (as defined in subsection 4.3);

DIVIDED BY

(ii) (A) the Fair Market Value of a share of Stock as of the date on which such Eligible Cash Fees would otherwise have been payable to the Outside Director or (B) in the case of Eligible Cash Fees credited pursuant to the Retirement Plan Resolutions, the average Fair Market Value of a share of Stock for the twenty consecutive trading days ending December 31, 1996.

(b) The Fair Market Value of any fractional share shall be paid to the Outside Director in cash; provided, however, that fractional shares subject to a Deferral Election filed in accordance with subsection 4.1 shall be deferred and credited to the Company Stock Subaccount.

SECTION 4

Deferral Elections

4.1. Deferrals of Fees.

(a) General. Subject to the terms and conditions of the Plan, each Outside Director, by filing a written "Deferral Election" with the Committee in accordance with uniform and nondiscriminatory rules adopted by the Committee, may elect to defer the receipt of all or any portion of the Eligible Cash Fees otherwise payable to him or her for any period (including any Eligible Cash Fees that he or she has elected to receive in Stock pursuant to Section 3) until a future date (the "Distribution Date") specified by the Outside Director in his or her Deferral Election as of which payment of his or her Deferred Compensation Account attributable to amounts deferred pursuant to his or her Deferral Election shall commence in accordance with subsection 4.4; provided, however, that in no event shall the Distribution Date elected pursuant to this subsection 4.1(a) be different from the Distribution Date, if any, elected by the Outside Director pursuant to subsection 4.2. If no Distribution Date is specified in an Outside Director's Deferral Election or has otherwise been elected by the Outside Director pursuant to subsection 4.2, the Distribution Date shall be deemed to be the first business day in January of the year following the date on which the Outside Director ceases to be a director of the Company for any reason. An Outside Director's Deferral Election shall be effective with respect to Eligible Cash Fees (including any Eligible Cash Fees that he or she has elected to receive in Stock pursuant to Section 3) and (i) which are otherwise payable to him or her for services rendered after the last day of the calendar year in which such election is made or (ii) which are otherwise payable to him or her at least six months after the date on which such election is filed with the Committee, as specified in the Deferral Election. Notwithstanding the foregoing, except as provided in subsection 4.1(b):

(A) a Deferral Election which is filed with the Committee within 45 days after the date on which a director first becomes an Outside Director shall be effective with respect to all Eligible Cash Fees (including any Eligible Cash Fees that he or she has elected to receive in Stock pursuant to Section 3) otherwise payable to him or her after the date the Deferral Election is received by the Committee (or as soon as practicable thereafter) or such later date specified in the Deferral Election; and

(B) by notice filed with the Committee in accordance with uniform and nondiscriminatory rules established by it, an Outside Director may terminate or modify any Deferral Election as to Eligible Cash Fees which are payable at least six months after the date on which such notice is filed with the Committee or which are payable to the Outside Director for services rendered after the last day of the calendar year in which the notice is filed with the Committee; provided, however, that no modification may be made to the Distribution Date unless the Outside Director shall file such notice with the Committee at least six months prior thereto.

Notwithstanding the foregoing provisions of this subsection 4.1(a), the Committee may, in its sole discretion, after considering all of the pertinent facts and circumstances, approve a change to a Distribution Date which is requested by an Outside Director less than six months prior thereto.

(b) Deferral of Eligible Cash Fees Credited Pursuant to Retirement Plan Resolutions and Subsection 2.2. A Deferral Election shall be deemed to have been made and shall be effective automatically without the requirement of a written Deferral Election for the Eligible Cash Fees credited to the Plan pursuant to (i) the Retirement Plan Resolutions, the deferral of which is mandatory pursuant to the terms of such resolutions, and (ii) subsection 2.2, the deferral of which is mandatory. The Distribution Date for such deferrals shall not be different than the Distribution Date selected pursuant to subsections 4.1(a) and 4.2; provided, however, that in no event shall the Distribution Date for such Eligible Cash Fees be earlier than the first business day in January of the year following the date on which the Outside Director ceases to be a director of the Company for any reason.

4.2. Deferral of Stock Awards and Deferred Stock Units. Subject to the terms and conditions of the Plan, each Outside Director, by filing a written "Stock Deferral Election" with the Committee in accordance with uniform and nondiscriminatory rules adopted by the Committee, may elect to defer the receipt of all or any portion of the Stock Award which is otherwise to be made to him or her for 1996 and subsequent years until the Distribution Date; provided, however, that if no Distribution Date has been elected (or is deemed to have been elected) pursuant to subsection 4.1, the "Distribution Date" shall be the date specified by the Outside Director in his or her Stock Deferral Election or, if no such date is specified, the first business day in January of the year following the date on which the Outside Director ceases to be a director of the Company for any reason. An Outside Director's Stock Deferral Election shall be effective with respect to Stock Awards otherwise to be made to him or her pursuant to subsection 2.1 (i) after the last day of the calendar year in which such election is filed with the Committee or (ii) at least six months after the date on which such election is made, as specified in the Stock Deferral Election. Notwithstanding the foregoing, by notice filed with the Committee in accordance with uniform and nondiscriminatory rules established by it, an Outside Director may terminate or modify any Stock Deferral Election as to Stock Awards to be made at least six months after the date on which such notice is filed with the Committee or which are to be made for services rendered after the last day of the calendar year in which the notice is filed with the Committee; provided, however, that no modification may be made to the Distribution Date unless the Outside Director shall file such notice with the Committee at least six months prior thereto. Notwithstanding the provisions of this subsection 4.2, the Committee may, in its sole discretion, after considering all of the pertinent facts and circumstances, approve a change to the Distribution Date which is requested by an Outside Director less than six months prior thereto. The Distribution Date for Deferred Stock Units awarded pursuant to subsection 2.2 shall be established, and may be modified, in the same manner as the Distribution Date for Stock Awards as provided in this subsection 4.2; provided, however, that in no event shall the Distribution Date for Deferred Stock Units be earlier than the first business day in January of the year following the date on which the Outside Director ceases to be a director of the Company for any reason. Subject to the proviso to the preceding sentence, the Distribution Date for Deferred Stock Units awarded pursuant to subsection 2.2 shall be the same as the Distribution Date, if any, for Stock Awards pursuant to this subsection 4.2.

4.3. Crediting and Adjustment of Deferred Amounts. The amount of any Eligible Cash Fees (including any Eligible Cash Fees that he or she has elected to receive in Stock pursuant to Section 3) deferred pursuant to subsection 4.1 or the Retirement Plan Resolutions ("Deferred

Compensation"), and the amount of any Stock Award deferred by an Outside Director pursuant to a Stock Deferral Election and any Deferred Stock Unit (each, a "Stock Deferral"), shall be credited to a bookkeeping account maintained by the Company in the name of the Outside Director (the "Deferred Compensation Account"), which account shall consist of two subaccounts, one known as the "Cash Subaccount" and the other as the "Company Stock Subaccount." Any Stock Deferrals and Eligible Cash Fees that the Outside Director has elected or is deemed to have elected to receive in Stock pursuant to Section 3 and which he or she has also elected to defer pursuant to subsection 4.1 or is required to defer pursuant to subsection 2.2 or the Retirement Plan Resolutions shall be credited to his or her Company Stock Subaccount. Any other Deferred Compensation shall be credited to his or her Cash Subaccount. An Outside Director's Deferred Compensation Account shall be adjusted as follows:

(a) As of the first day of February, May, August and November, and as of the Initial Effective Date (each such date referred to herein as an "Accounting Date"), the Outside Director's Cash Subaccount shall be adjusted as follows:

(i) first, the amount of any distributions made since the last preceding Accounting Date and attributable to the Cash Subaccount shall be charged to the Cash Subaccount;

(ii) next, the balance of the Cash Subaccount after adjustment in accordance with subparagraph (i) above shall be credited with interest for the period since the last preceding Accounting Date computed at the prime rate as reported by *The Wall Street Journal* for the current Accounting Date, or if such date is not a business day, for the next preceding business day, except that, for the February 1, 1997 Accounting Date, the portion of the Cash Subaccount representing amounts credited pursuant to the last sentence of this paragraph (a) shall be credited with interest for only the period since December 31, 1996;

(iii) next, on the Accounting Date occurring on Initial Effective Date, the balance in the Cash Subaccount shall be charged with a distribution equal to that portion of the balance in the Cash Subaccount which is attributable to Eligible Cash Fees payable prior to the Initial Effective Date which the Outside Director has elected to receive in Stock pursuant to Section 3 and which were credited to the Cash Subaccount pursuant to the Outside Director's Deferral Election (as adjusted in accordance with the terms of the Plan through the Initial Effective Date); and

(iv) finally, after adjustment in accordance with the foregoing provisions of this paragraph (a), the Cash Subaccount shall be credited with the portion of the Deferred Compensation or Supplemental Benefit (as defined in the Retirement Plan Resolutions) otherwise payable to the Outside Director since the last preceding Accounting Date or, in the case of the Accounting Date occurring on February 1, 1995, subsequent to January 1, 1995, which is to be credited to the Cash Subaccount, excluding amounts previously credited pursuant to the following sentence.

In addition, as of the close of business on December 31, 1996, the Cash Subaccount shall be credited with the Eligible Cash Fees to be credited to such account pursuant to the Retirement Plan Resolutions which the Outside Director has elected to receive in cash.

(b) The Outside Director's Company Stock Subaccount shall be adjusted as follows:

(i) as of the Initial Effective Date, the Company Stock Subaccount shall be credited with that number of stock units ("Stock Units") which is equal to the amount charged to the Cash Subaccount as of that date pursuant to subparagraph (a) (iii) next above, divided by the Fair Market Value of a share of Stock as of the Initial Effective Date;

(ii) as of any date on or after the Initial Effective Date on which Eligible Cash Fees would have been payable to the Outside Director in Stock but for his or her Deferral Election, and as of December 31, 1996, in the case of the Eligible Cash Fees credited pursuant to the Retirement Plan Resolutions which the Outside Director has elected to take in Stock pursuant to Section 3, the Company Stock Subaccount shall be credited with a number of Stock Units equal to the number of shares of Stock (including any fractional shares) to which he or she would have been entitled pursuant to Section 3;

(iii) as of the date on which a Stock Award would be made to the Outside Director pursuant to subsection 2.1 but for his or her Stock Deferral Election, the Company Stock Subaccount shall be credited with a number of Stock Units equal to the number of shares of Stock that would have been awarded to the Outside Director as of such date but for his or her Stock Deferral Election;

(iv) as of December 31, 1997, and each December 31st thereafter, the Company Stock Subaccount shall be credited with a number of Stock Units equal to the number of Deferred Stock Units awarded pursuant to subsection 2.2;

(v) as of the date on which shares of Stock are distributed to the Outside Director in accordance with subsection 4.4 below, the Company Stock Subaccount shall be charged with an equal number of Stock Units; and

(vi) as of the record date for any dividend (other than a stock dividend) paid on Stock, the Company Stock Subaccount shall be credited with that number of additional Stock Units which is equal to the number obtained by multiplying the number of Stock Units

then credited to the Company Stock Subaccount by the amount of the cash dividend or the fair market value (as determined by the Board of Directors) of any dividend in kind payable on a share of Stock and dividing that product by the then Fair Market Value of a share of Stock.

In the event of any merger, consolidation, reorganization, recapitalization, spinoff, stock dividend, stock split, reverse stock split, rights offering, exchange or other change in the corporate structure or capitalization of the Company affecting the Stock, each Outside Director's Company Stock Subaccount shall be equitably adjusted in such manner as the Committee shall determine in its sole judgment.

4.4. Payment of Deferred Compensation Account. Except as otherwise provided in this subsection 4.4 or subsection 4.5, the balances credited to the Cash Subaccount and Company Stock Subaccount of an Outside Director's Deferred Compensation Account shall each be payable to the Outside Director in 10 annual installments commencing as of the Distribution Date and continuing on each annual anniversary thereof. Notwithstanding the foregoing, an Outside Director may elect, by filing a notice with the Committee at least six months prior to the Distribution Date, to change the number of payments to a single payment or to any number of annual payments not in excess of ten; provided, however, that the Committee may, in its sole discretion, after considering all of the pertinent facts and circumstances, approve a change to the payment form which is requested by an Outside Director less than six months prior to the Distribution Date. Each such payment shall include a cash portion, if applicable, and a Stock portion, if applicable, as follows:

(a) The cash portion to be paid as of the Distribution Date or any anniversary thereof and charged to the Cash Subaccount shall be equal to the balance of the Cash Subaccount multiplied by a fraction, the numerator of which is one and the denominator of which is the number of remaining payments to be made, including such payment.

(b) The Stock portion to be paid as of the Distribution Date or any anniversary thereof and charged to the Company Stock Subaccount shall be distributed in whole shares of Stock, the number of shares of which shall be determined by rounding to the next lower integer the product obtained by multiplying the number of Stock Units then credited to the Outside Director's Company Stock Subaccount by a fraction, the numerator of which is one and the denominator of which is the number of remaining payments to be made, including such payment. The Fair Market Value of any fractional share of Stock remaining after all Stock distributions have been made to the Outside Director pursuant to this paragraph (b) shall be paid to the Outside Director in cash.

Notwithstanding the foregoing, the Committee, in its sole discretion, may distribute all balances in any Deferred Compensation Account and/or all of the balance in any Company Stock Subaccount to the Outside Director (or former Outside Director) in a lump sum as of any date.

4.5. Payments in the Event of Death. If an Outside Director dies before payment of his or her Deferred Compensation Account commences, all amounts then credited to his or her Deferred Compensation Account shall be distributed to his or her Beneficiary (as described below), as soon as practicable after his or her death, in a lump sum. If an Outside Director dies after payment of his or her Deferred Compensation Account has commenced but before the entire balance of such account has been distributed, the remaining balance thereof shall be distributed to his or her Beneficiary, as soon as practicable after his or her death, in a lump sum. Any amounts in the Cash Subaccount shall be distributed in cash and any amounts in the Company Stock Subaccount shall be distributed in whole shares of Stock determined in accordance with subsection 4.4(b), and the Fair Market Value of any fractional share of Stock shall be distributed in cash. For purposes of the Plan, the Outside Director's "Beneficiary" is the person or persons the Outside Director designates, which designation shall be in writing, signed by the Outside Director and filed with the Committee prior to the Outside Director's death. A Beneficiary designation shall be effective when filed with the Committee in accordance with the preceding sentence. If more than one Beneficiary has been designated, the balance in the Outside Director's Deferred Compensation Account shall be distributed to each such Beneficiary per capita (with cash distributed in lieu of any fractional share of Stock). In the absence of a Beneficiary designation or if no Beneficiary survives the Outside Director, the Beneficiary shall be the Outside Director's estate.

4.6. Multiple Distribution Dates. If, as a result of the applicable proviso to the last sentence of subsection 4.1(b) or the penultimate sentence of 4.2 (the "Multiple Distribution Date Rules"), there shall be more than one Distribution Date for an Outside Director's Cash Subaccount or Company Stock Subaccount, then the Company shall take all steps reasonably practicable to divide the respective subaccount into two separate subaccounts, so that the credits, charges and payments related to the different Distribution Dates are kept separate. In the event an Outside Director has attempted to elect more than one Distribution Date pursuant to the provisions of subsections 4.1 and 4.2 (other than under the circumstances contemplated by the preceding sentence), the following rules of construction shall apply:

(a) the most recent Distribution Date election received by the Company in accordance with the Plan shall constitute a revocation of all prior Distribution Date elections; and

(b) with respect to contemporaneous elections, elections made pursuant to subsection 4.2 shall take precedence over elections made pursuant to subsection 4.1, elections made pursuant to subsection 4.1(a) shall take precedence over elections made pursuant to subsection 4.1(b), and elections made with respect to Stock Awards shall take precedence over elections made with respect to Deferred Stock Units.

SECTION 5

Amendment and Termination

While the Company expects and intends to continue the Plan, the Board of Directors of the Company reserves the right to, at any time and in any way, amend, suspend or terminate the Plan; provided, however, that no amendment, suspension or termination shall:

(a) be made without shareholder approval to the extent such approval is required by law, agreement or the rules of any exchange or automated quotation system upon which the Stock is listed or quoted;

(b) except as provided in subsection 4.4 (relating to lump sum payments of amounts held in an Outside Director's Deferred Compensation Account) or this Section 5, materially alter or impair the rights of an Outside Director under the Plan without the consent of the Outside Director with respect to rights already accrued hereunder; or

(c) make any change that would disqualify the Plan or any other plan of the Company intended to be so qualified from the exemption provided by Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made as of this 5th day of September, 2002 (the "Effective Date"), is by and between UAL Corporation, a Delaware corporation ("UAL") and United Air Lines, Inc. ("UA," UAL and UA sometimes collectively referred to as "United") and Glenn F. Tilton (the "Executive").

RECITALS

A. United desires to employ the Executive as Chairman of the Board, President and Chief Executive Officer of United, and the Executive desires to accept such employment, on the terms and conditions hereinafter set forth.

In consideration of the mutual covenants contained herein, and intending to be legally bound, United and the Executive agree as follows:

1. **Employment and Duties.**

a. *Employment.* Subject to all of the terms and conditions of this Agreement, United agrees to employ the Executive as its Chairman of the Board, President and Chief Executive Officer for the Employment Period (defined below), and the Executive accepts such employment.

b. *Duties.* On and after the Employment Date (defined below), as Chairman of the Board, President and Chief Executive Officer of United, Executive will have overall charge and responsibility for the business and affairs of United, and will perform such duties as he is reasonably directed to perform by the Board of Directors of UAL (the "Board"). If so elected, the Executive will also serve as chairman of the board and chief executive officer of any subsidiaries or affiliates of United designated by United. Executive shall perform such duties at United's headquarters located in Elk Grove Township, Illinois.

c. *Scope.* While the Executive is employed by United hereunder, Executive will devote substantially all of his business time, attention, skills and efforts to the business and affairs of United and the performance of his duties under this Agreement. The Executive acknowledges that his duties and responsibilities under this Agreement will require his full-time business efforts and agrees that he will not engage in any other business activity or have any business pursuits or interests which materially interfere or conflict with the performance of the Executive's duties under this Agreement or which compete with United. Notwithstanding the foregoing, the parties agree that during the Employment Period, it will not be a violation of this Agreement for the Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures or fulfill speaking engagements, and (iii) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's duties under this Agreement.

2. **Term.**

Subject to earlier termination in accordance with Section 4 below, Executive's employment as Chairman of the Board, President and Chief Executive Officer of United pursuant to the terms of this Agreement will become effective on September 2, 2002 (the "Employment Date") and will have a term of five (5) years, subject to earlier termination as provided in this Agreement (the "Employment Period"). Except with respect to those provisions which by their terms survive the expiration of this Agreement, this Agreement will terminate upon the expiration of the Employment Period. In the event either the Executive or United desires the Executive to be employed by United beyond the Employment Period, such party will, at least ninety (90) days prior to the expiration of the Employment Period, notify the other party in writing of his or its intention to seek to negotiate an extension of this Agreement.

3. **Compensation.**

a. *Signing Bonus.* As an inducement to enter into this Agreement, Company will pay Executive a signing bonus in the gross amount of Three Million Dollars (\$3,000,000) ("Signing Bonus"), which amount shall be fully earned by Executive upon, and will be payable by United concurrently with, Executive's execution of this Agreement. Executive agrees to repay an amount equal to the Signing Bonus if the Executive's employment with the Company is terminated either due to voluntary resignation by Executive other than for Good Reason (as defined in Section 4(d)) or by the Company for Cause (as defined in Section 4(c)) on or before the first anniversary of the Employment Date. Without limiting the generality of the foregoing, in no event shall Executive have any obligation to make such repayment if his employment terminates as a result of a repudiation, rejection or similar breach of this Agreement by United.

b. *Base Salary.* During the Employment Period, the Company will pay the Executive a base salary (the "Base Salary") at an initial rate of \$950,000 per year in accordance with the Company's standard payroll practices. The Base Salary will be reviewed as part of the normal salary administration program for the Company's senior executives by the Compensation Committee of the Board (the "Committee"), for the purpose of considering increases in the Executive's Base Salary in light of the Committee's executive compensation philosophy statement then in effect, the performance by the Executive of his duties under this Agreement, and base salaries of chief executive officers of companies in the peer group identified by the Committee in its executive compensation policy. During the Employment Period the Committee will review and consider further increases in the Base Salary, at the times and pursuant to the procedures used in connection with considering base salary adjustments for United's other senior executives. Base Salary will not thereafter during the term of this Agreement be decreased, unless such reduction (i) is approved by the Board in accordance with the standards set forth in the UAL Restated Certificate of Incorporation, and (ii) is applied on a proportionally similar and no less favorable basis to Executive than to substantially all other management employees of United.

c. *Annual Bonus.* In addition to other compensation to be paid under this Section 3, the Executive will be eligible to receive a target annual bonus for each year during the Employment Period, to be administered by the Board under United's Performance Incentive Plan or other annual bonus plan hereafter approved by the Board (the "Incentive Plan"). The Executive's target percentage will be 100% of his Base Salary (the "Target Bonus"). Executive will be entitled to an additional 100% over the Target Bonus amount for superior performance ("Extraordinary Bonus"). The Target Bonus and the Extraordinary Bonus will be paid outside of the Incentive Plan. The annual bonuses under this Section 3(c) will hereinafter be referred to as the "Annual Bonus."

d. *Stock Options.*

(i) Initial Grant. In addition to other compensation to be paid under this Section 3, United will grant the Executive as of the Employment Date (i) a ten-year stock option to purchase 500,000 shares of UAL's common stock, \$.01 par value per share (the "Common Stock"), under United's 2000 Incentive Stock Plan (the "2000 Plan") and (ii) a ten-year option to purchase 650,000 shares of Common Stock under United's 2002 Share Incentive Plan (the "2002 Plan") (together, the "Options") which shall be pursuant to the terms set forth in the Stock Option Agreements in the form attached hereto as **Exhibit A**. The exercise price of the Options will be the average of the high and low sale prices of the Common Stock on the New York Stock Exchange on August 30, 2002 and September 3, 2002. The Options will become exercisable in equal annual installments on the first four (4) anniversaries of the Employment Date pursuant to the terms of the 2000 Plan and the 2002 Plan, as applicable.

(ii) Additional Grants. During the Employment Period, the Executive will be eligible to receive stock options consistent with his position in the same manner as United's other senior executives.

e. Restricted Stock.

(i) Initial Grant. In addition to other compensation paid under this Section 3, United will grant the Executive as of the Employment Date 100,000 restricted shares of UAL's common stock pursuant to United's 2002 Share Incentive Plan and in accordance with the Restricted Stock Agreement in the form attached hereto as **Exhibit B**.

(ii) Additional Grants. During the Employment Period, the Executive will be eligible to receive restricted stock consistent with his position in the same manner as United's other senior executives.

f. Long Term Incentive Plans. In addition to other compensation to be paid under this Section 3, the Executive will be entitled to participate during the Employment Period in all long term incentive plans now maintained or hereafter established by United for the purpose of providing long term incentive compensation to senior executives of United. The Executive's participation in such plans will be consistent with his position and no less favorable than the basis and terms applicable to other senior executives of United.

g. SERP. In consideration of pension benefits forfeited by reason of his resignation from employment with his prior employer and as an inducement to enter into this Agreement, Executive will be entitled to Four Million Five Hundred Thousand Dollars (\$4,500,000), which amount is fully earned as of the date hereof, and is funded as follows:

(i) Concurrent with the execution of the Agreement by Executive, United has caused \$1,500,000 to be paid to an account in the Executive's name under an irrevocable trust governed by the trust agreement titled the Glenn Tilton Secular Trust No. 1, in the form of the instrument attached to this Agreement as **Exhibit C**, with such amount to be fully earned upon execution of this Agreement. Subject only to the following sentence, Executive shall be fully vested with respect to such trust and the funds held therein and shall have all right, title and ownership thereof. If Executive's employment with United is terminated due to voluntary resignation by Executive other than for Good Reason(as defined in Section 4(d)) and the effective date of termination is on or before the first anniversary of the Employment Date, then Executive will forfeit 100 percent of his interest in his account under the Glenn Tilton Secular Trust No. 1. In all other cases, Executive's right, title and interest in his account under the Glenn Tilton Secular Trust No. 1 will be paid in full to Executive in a single lump-sum cash amount as of the first business day of January next following the earlier of the first anniversary of the Employment Date or Executive's termination of employment.

(ii) Concurrent with the execution of the Agreement by Executive, United has caused \$1,500,000 to be paid to an account in the Executive's name under an irrevocable trust governed by the trust agreement titled the Glenn Tilton Secular Trust No. 2, in the form of the instrument attached to this Agreement as **Exhibit D**, with such amount to be fully earned upon execution of this Agreement. Subject only to the following sentence, Executive shall be fully vested with respect to such trust and the funds held therein and shall have all right, title and ownership thereof. If Executive's employment with United is terminated due to voluntary resignation by Executive other than for Good Reason(as defined in Section 4(d)) and the effective date of termination is on or before the second anniversary of the Employment Date, then Executive will forfeit 100 percent of his interest in his account under the Glenn Tilton Secular Trust No. 2. In all other cases, Executive's right, title and interest in his account under the Glenn Tilton Secular Trust No. 2 will be paid in full to Executive in a single lump-sum cash amount as of the first business day of January next following the earlier of the second anniversary of the Employment Date or Executive's termination of employment.

(iii) Concurrent with the execution of the Agreement by Executive, United has caused \$1,500,000 to be paid to an account in the Executive's name under an irrevocable trust governed by the trust agreement titled the Glenn Tilton Secular Trust No. 3, in the form of the instrument attached to this Agreement as **Exhibit E**, with such amount to be fully earned upon execution of this Agreement. Subject only to the following sentence, Executive shall be fully vested with respect to such trust and the funds held therein and shall have all right, title and ownership thereof. If Executive's employment with United is terminated due to voluntary resignation by Executive other than for Good Reason(as defined in Section 4(d)) and the effective date of termination is on or before the third anniversary of the Employment Date, then Executive will forfeit 100 percent of his interest in his account under the Glenn Tilton Secular Trust No. 3. In all other cases, Executive's right, title and interest in his account under the Glenn Tilton Secular Trust No. 3 will be paid in full to Executive in a single lump-sum cash amount as of the first business day of January next following the earlier of the third anniversary of the Employment Date or Executive's termination of employment.

(iv) All earnings on the foregoing trusts shall be distributed to Executive as of the first business day of January next following the date earned by such trusts.

The payments under this Section 3(g) are in addition to any pension benefit payable under the United Airlines Management, Administrative, and Public Contact Defined Benefit Pension Plan and the supplemental pension benefit under the United Air Lines, Inc. Supplemental Retirement Plan (the "Pension Plans"). The payments under Sections 3(a) and 3(g)(i),(ii) and (iii) will not be included in earnings when determining Executive's benefit under the Pension Plans.

The trustee(s) of the foregoing trusts shall be mutually acceptable to United and the Executive and the trustee(s) shall be directed with respect to investments either by the Executive or by an investment manager selected by Executive.

h. Other Benefits. In addition to other compensation to be paid under this Section 3, during the Employment Period the Executive will be entitled to participate in all employee benefit plans, practices and programs maintained by United and made available to its senior executives, as those plans, practices and programs may be amended, supplemented, replaced or terminated from time to time, including without limitation (A) medical, hospitalization, disability, dental, life, health and travel accident insurance to the extent offered by United, and in amounts consistent with United policy for all its senior executives; (B) other benefit arrangements, including but not limited to the retirement plan, supplemental retirement plan, split dollar life insurance programs (as may be permitted by law), stock purchase plan, 401(k) plan, flexible spending arrangement, income deferral plan, financial planning services, free and reduced rate transportation, to the extent made generally available by United to its senior executives; and (C) a number of weeks of paid vacation each year, consistent with United policy for all its senior executives.

i. Relocation Benefits. The Company will pay all costs of relocation of the Executive and his family to the Chicago metropolitan area in accordance with the Company's relocation policy (specifically to include any costs associated with the termination of Executive's current lease of his principal residence to the extent not provided in such policy) and an additional cash payment (a "Gross-Up Payment") to the Executive equal to an amount such that after payment by the Executive of all taxes imposed on such Gross-Up Payment, the Executive would retain an amount of the Gross-Up Payment equal to the taxes imposed on the relocation benefits.

j. Reimbursement of Business Expenses. United agrees to reimburse the Executive for all reasonable out-of-pocket business expenses incurred by the Executive on behalf of United, provided that the Executive properly accounts to United for all such expenses in accordance with the rules and regulations of the Internal Revenue Service under the Code, and in accordance with the standard policies and procedures of United relating to reimbursement of business expenses, which obligation shall survive the expiration or termination of this Agreement.

k. Retiree Travel Benefit. United will provide the Executive upon termination of this Agreement upon its expiration, upon mutual agreement, upon Executive's retirement in accordance with United policy, by reason of Executive's Disability, by United for other than Cause, or by the Executive for Good Reason, Director Emeritus retiree travel benefits (or any successor benefit) in accordance with United's policy (without regard to any applicable years of service requirement) which may be in effect from time to time, which obligation shall survive the expiration or termination of this Agreement.

l. Taxes, etc. All compensation payable to the Executive pursuant to this Agreement is stated in gross amount and will be subject to all applicable withholding taxes, other normal payroll taxes and any other amounts which United reasonably determines are required by law to be withheld.

m. No Director Fees, etc. The Executive will not receive any additional compensation for (i) serving as a director of UAL or UA or (ii) if so elected, serving as chairman of the board and chief executive officer of any subsidiaries or affiliates of United.

4. Termination.

a. Mutual Agreement. The Executive's employment hereunder may be terminated at any time by mutual agreement on terms to be negotiated at the time of such termination.

b. Death or Disability. This Agreement will terminate automatically upon the Executive's death. If United determines in good faith that the Disability (as defined below) of the Executive has occurred, subject to the respective continuing obligations of United and the Executive under Sections 5 (Compensation Upon Termination), 7 (Confidentiality), and 9 (Non-Competition), the Company has the right to terminate the Executive's employment under this Agreement by notice pursuant to Sections 4(e) and 4(f) below. For purposes of this Agreement, the Executive will be deemed to have a "Disability" if the Executive has been unable, by reason of illness or physical or mental incapacity or disability (from any cause or causes whatsoever) to perform each and every material duty of his employment under this Agreement, whether with or without reasonable accommodation by the Company, in substantially the manner and to the extent required hereunder prior to the commencement of such Disability, for a period of six (6) consecutive months in any twelve (12)-month period. Such termination may not be arbitrary or unreasonable, and the Board will obtain and take into consideration the opinion of a physician chosen by the Board, the opinion of the Executive's personal physician, if reasonably available, as well as applicable provisions of the Americans with Disabilities Act, but such determination by the Board will be final and binding on the parties to this Agreement.

c. By United for Cause. Subject to the respective continuing obligations of United and the Executive under Sections 5 (Compensation Upon Termination), 7 (Confidentiality) and 9 (Non-Competition), United has the right to terminate the Executive's employment under this Agreement for Cause (as defined below) by notice pursuant to Sections 4(e) and 4(f) below. For purposes of this Agreement, "Cause" means:

- (i) a significant act or acts of personal dishonesty or deceit that have a material adverse effect on United taken by the Executive in the performance of his duties hereunder;
- (ii) the willful and continued failure by the Executive to substantially perform the Executive's material duties under this Agreement, including the duties set forth under Section 1(b) of this Agreement (unless such failure is cured within thirty (30) days after the Executive receives written notice of such failure); or
- (iii) the Executive's conviction of, or his entry of a plea of guilty or *nolo contendere* to, any felony (other than a felony predicated upon the Executive's vicarious liability), or the entry of any final civil judgment against him for fraud, misrepresentation, or misappropriation of property.

Notwithstanding the foregoing, the Executive will not be deemed to have been terminated for Cause unless and until there has been delivered to the Executive a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the members of the Board at a meeting of the Board (after reasonable notice which shall not be less than thirty (30) days written notice to the Executive and an opportunity for the Executive, together with his counsel, to be heard before the Board), stating that in the good faith opinion of the Board the Executive was guilty of conduct constituting "Cause" as set forth above and specifying the particulars thereof in reasonable detail.

d. By the Executive for Good Reason. Subject to the respective continuing obligations of United and the Executive under Sections 5 (Compensation Upon Termination), 7 (Confidentiality), 8 (Non-Disparagement) and 9 (Non-Competition), the Executive has the right to terminate his employment under this Agreement for Good Reason (as defined below) by notice pursuant to Sections 4(f) and 4(g). For purposes of this Agreement, "Good Reason" means:

- (i) if United becomes a debtor(s) under the Bankruptcy Code, the failure of United to seek assumption of this Agreement pursuant to Section 365 of the U.S. Bankruptcy Code within thirty (30) days after entry of an order for relief under Chapter 11 of the U.S. Bankruptcy Code or failure of the bankruptcy court having jurisdiction over such case to enter a final order authorizing such assumption within ninety (90) days from such date;
- (ii) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position, including status, offices, titles and reporting relationships, authority, duties or responsibilities as contemplated by Section 1 of this Agreement, or any other action by United which results in a significant diminution in such position, authority, duties or responsibilities, excluding for this Section 4(d)(ii) any isolated, immaterial and inadvertent action not taken in bad faith and which is remedied by United within thirty (30) days after receipt of a notice thereof given by the Executive, and further excluding any action in connection with the termination of the Executive's employment for Cause, upon the death or the Disability of the Executive pursuant to the terms of this Agreement, or by the Executive other than for Good Reason pursuant to this Section 4(d);
- (iii) a reduction by United in the Executive's Base Salary (other than a decrease contemplated by Section 3(a)) or any other failure by United to comply with any of the provisions of Section 3 of this Agreement, including treatment of the Executive in a manner or with an outcome inconsistent with United's treatment of its other senior executives, other than an isolated, immaterial and inadvertent failure not occurring in bad faith and which is remedied by United promptly after receipt of notice thereof given by the Executive;
- (iv) the relocation of the Executive's principal place of employment to a location more than 50 miles from the Executive's principal place of employment immediately prior to such relocation, except for travel reasonably required in the performance of the Executive's responsibilities;
- (v) any purported termination by United of the Executive's employment otherwise than as expressly permitted by this Agreement; or
- (vi) Executive's failure to be reelected as a director and Chairman of the Board of United.

e. Change of Control Termination. A "Change of Control Termination" includes, during a period of 24 months following a Change of Control, any termination by the Executive for Good Reason or any involuntary termination of the Executive's employment by United other than for Cause, Disability, or death. A "Change of Control," means the first of the following events to occur:

- (i) there is consummated a merger or consolidation to which United or any direct or indirect subsidiary of United is a party if the merger or consolidation would result in the voting securities of United outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) less than 80% of the combined voting power of the securities of United or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or
- (ii) the direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") in the aggregate of securities of United representing twenty-five percent (25%) or more of the total combined voting power of United's then issued and outstanding securities is acquired by any person or entity, or group of associated persons or entities acting in concert; provided, however, that for purposes hereof, the following acquisitions shall not constitute a Change of Control: (A) any acquisition by United or any of its subsidiaries, (B) any acquisition by any employee benefit plan (or related trust or fiduciary) sponsored or maintained by United or any corporation controlled by United, (C) any acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, (D) any acquisition by a corporation owned, directly or indirectly, by the stockholders of United in substantially the same proportions as their ownership of stock of United, and (E) any acquisition in connection with a merger or consolidation which, pursuant to paragraph (i) above, does not constitute a Change of Control; or
- (iii) there is consummated a transaction contemplated by an agreement for the sale or disposition by United of all or substantially all of United's assets, other than a sale or disposition by United of all or substantially all of United's assets to an entity, at least 80% of the combined voting power of the voting securities of which are owned by stockholders of United in substantially the same proportions as their ownership of United immediately prior to such sale; or
- (iv) the stockholders of United approve any plan or proposal for the liquidation of United; or
- (v) the occurrence within any twenty-four month or shorter period of a change in the composition of the Board such that the "Continuity Directors" cease for any reason to constitute at least a majority of the Board. For purposes of this clause, "Continuity Directors" means (A) those members of the Board who were directors on the date hereof and (B) those members of the Board (other than a director whose initial assumption of office was in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of United) who were elected or appointed by, or on the nomination or recommendation of, at least a two-thirds (2/3) majority of the then-existing directors who either were directors on the date hereof or were previously so elected or appointed; or
- (vi) such other event or transaction as the Board shall determine constitutes a Change of Control.

f. Notice of Termination. Any termination of the Executive's employment by United or by the Executive (other than termination upon the Executive's death, which does not require notice) must be communicated by written Notice of Termination to the other party hereto given in accordance with Section 10(m) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated and (iii) if the Termination Date (as defined below) is other than the date of receipt of such notice, specifies the Termination Date (which date will not be less than thirty (30) days after the giving of such notice. The failure by United or the Executive to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of the basis for termination will not waive any right of such party hereunder or preclude such party from asserting such fact or circumstance in enforcing his or its rights hereunder.

g. Termination Date. "Termination Date" means (i) if the Executive's employment is terminated by his death, the date of his death, (ii) if the Executive's employment is terminated by reason of his Disability pursuant to Section 4(b), thirty (30) days after the receipt by the Executive of the Notice of Termination, (iii) if the Executive's employment is terminated by United for Cause pursuant to Section 4(c) or by the Executive for Good Reason pursuant to Section 4(d), the date specified in the Notice of Termination, (iv) if the Executive's employment is terminated by mutual agreement of the parties, the date specified in such agreement, and (v) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination, provided that if within thirty (30) days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Termination Date will be the date on which the dispute is finally determined, either by mutual written agreement of the parties, by a binding and final arbitration award or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected), but in no event will the Termination Date be later than the fifth anniversary of the commencement of the Employment Period. Notwithstanding the foregoing, but subject to Section 9, the Executive may accept any other employment, without diminishing any of his rights or benefits hereunder, at any time after the Termination Date, determined without regard to any extensions pursuant to the proviso clause of the preceding sentence.

5. Compensation Upon Termination.

a. Death. If the Executive's employment is terminated by reason of the Executive's death, this Agreement will terminate without further obligations to the Executive's legal representatives under this Agreement, other than those obligations accrued or earned and vested (if applicable) by the Executive as of the Termination Date, including without limitation (i) the Base Salary through the Termination Date at the rate in effect on the Termination Date, disregarding any reduction in Base Salary in violation of this Agreement (the "**Highest Base Salary**"), (ii) the Target Bonus described in Section 3(c), pro-rated to the Termination Date, (iii) any other benefits payable to the Executive pursuant to the terms of any benefit plan, the right to which had or becomes vested on or after the Termination Date pursuant to the terms of the plan (such amounts specified in clauses (i) through (iii) are hereinafter referred as "**Accrued Obligations**," (iv) all outstanding long-term incentive awards, stock options, restricted units and restricted stock, will immediately become fully vested; and (v) each outstanding stock option will continue to be exercisable in accordance with its terms and will remain exercisable for the lesser of five years following the Termination Date, or the remainder of its term. All such Accrued Obligations will be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) business days of the Termination Date, or in such other form as may be provided for pursuant to such plans.

b. Disability. If the Executive's employment is terminated by reason of the Executive's Disability, this Agreement will terminate without further obligations to the Executive, other than those obligations accrued or earned and vested (if applicable) by the Executive as of the Termination Date, including without limitation Accrued Obligations. All such Accrued Obligations will be paid to the Executive in a lump sum in cash within ten (10) business days of the Termination Date, or in such other form as may be provided for pursuant to such plans.

c. By United For Cause; By Executive Other Than For Good Reason. If the Executive's employment is terminated for Cause or by the Executive other than for Good Reason, this Agreement will terminate without further obligations to the Executive, other than those obligations accrued or earned and vested (if applicable) by the Executive through the Termination Date, including without limitation all Accrued Obligations (which for purposes of this provision will specifically exclude any Annual Bonus pursuant to Section 3(c)). All such Accrued Obligations will be paid to the Executive in a lump sum in cash within ten (10) business days of the Termination Date, or in such other form as may be provided for pursuant to such plans.

d. By United in Breach of Agreement; By Executive For Good Reason. If (i) United terminates the Executive's employment other than for Cause, Disability or death or if the Executive terminates his employment hereunder for Good Reason and (ii) such termination does not constitute a Change of Control Termination:

(i) to the extent not theretofore paid, within ten (10) business days after the Termination Date, United will pay the Executive his Base Salary and any Annual Bonus that may be due and owing through the Termination Date;

(ii) within ten (10) business days after the Termination Date, United will pay the Executive those other obligations accrued or earned and vested (if applicable) by the Executive as of the Termination Date, including without limitation Accrued Obligations;

(iii) in lieu of any further payments of Base Salary and Annual Bonus to the Executive for periods subsequent to the Termination Date, United will, within ten (10) business days after the Termination Date, make a lump sum cash payment to the Executive equal to the Base Salary, multiplied by the lesser of (A) the greater of (X) the number of years remaining under the term of this Agreement or (Y) two years, and (B) three;

(iv) for a period of time equal to the lesser of (A) the greater of (X) the number of years remaining in the term of this Agreement or (Y) two years, and (B) three years, United will continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(h) of this Agreement if the Executive's employment under this Agreement had not been terminated, including health insurance and life insurance, in accordance with the plans, practices, programs or policies of United and its subsidiaries in effect on the Termination Date;

(v) all outstanding long-term incentive awards, stock options, restricted units and restricted stock, will immediately become fully vested; and

(vi) each outstanding stock option will continue to be exercisable in accordance with its terms and will remain exercisable for the lesser of five years following the Termination Date, or the remainder of its term.

e. Change of Control Termination. In the event of a Change of Control Termination:

(i) to the extent not theretofore paid, within ten (10) business days after the Termination Date, United will pay the Executive his Base Salary and any Annual Bonus that may be due and owing through the Termination Date;

(ii) within ten (10) business days after the Termination Date, United will pay the Executive those other obligations

accrued or earned and vested (if applicable) by the Executive as of the Termination Date, including without limitation Accrued Obligations;

(iii) in lieu of further payments of Base Salary and Annual Bonus to the Executive for periods subsequent to the Termination Date, United will, within ten (10) business days after the Termination Date, make a lump sum cash payment to the Executive equal to the Base Salary and the Target Bonus described in Section 3(c), multiplied by three;

(iv) for a period of time equal to the lesser of (A) the greater of (X) the number of years remaining in the term of this Agreement or (Y) two years, and (B) three years, United will continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(h) of this Agreement if the Executive's employment under this Agreement had not been terminated, including health insurance and life insurance, in accordance with the plans, practices, programs or policies of United and its subsidiaries in effect on the Termination Date;

(v) all outstanding long-term incentive awards, stock options, restricted units and restricted stock, will immediately become fully vested; and

(vi) each outstanding stock option will continue to be exercisable in accordance with its terms and will remain exercisable for the lesser of five years following the Termination Date or the remainder of its term.

f. By Executive By Taking Competitive Position. If the Executive is in violation of Section 9(a), the Executive's entitlement to benefits under this Agreement will be limited to Accrued Obligations (which for purposes of this provision will specifically exclude any Annual Bonus pursuant to Section 3(c)), and Executive will forfeit any other additional benefits or payments in which he is not otherwise vested, other than benefits to which he is entitled under any other United employee benefit plan, program or arrangement.

g. Gross-Up Payment. Following any termination of employment, United will cause a nationally recognized accounting firm (the "Accountant"), acceptable to Executive, to promptly review, at United's sole expense, the applicability of Code section 4999 to any payment or distribution of any type by United to or for the benefit of the Executive pursuant to Section 5(e), or otherwise (the "Total Payments"). If the Accountant determines that the Total Payments result in an excise tax imposed by Code section 4999 or any comparable state or local law, or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are collectively referred to herein as the "Excise Tax"), United will make an additional cash payment (a "Gross-Up Payment") to the Executive within ten (10) days after such determination equal to an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive would retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments. For purposes of the foregoing determination, the Executive's tax rate will be deemed to be the highest statutory marginal state and federal tax rate (on a combined basis) then in effect. If no determination by the Accountant is made prior to the time the Executive is required to file a tax return reflecting the Total Payments, the Executive will be entitled to receive from United a Gross-Up Payment calculated on the basis of the Excise Tax the Executive reported in such tax return, within ten (10) days after the later of the date on which the Executive files such tax return or the date on which the Executive provides a copy thereof to United. In all events, if any tax authority determines that a greater Excise Tax should be imposed upon the Total Payments than is determined by the Accountant or reflected in the Executive's tax return pursuant to this paragraph, the Executive will be entitled to receive from United the full Gross-Up Payment calculated on the basis of the amount of the Excise Tax determined to be payable by such tax authority within ten (10) days after the Executive notifies United of such determination.

h. No Mitigation Required. The Executive will not be required in any way to mitigate the amount of any payment provided for in this Section 5, including, but not limited to by seeking other employment, nor will the amount of any payment provided for in this Section 5 be reduced by any compensation earned by the Employee as the result of employment with another employer after the Termination Date, or otherwise; provided, however, that in the event United terminates this Agreement for Cause or the Employee terminates this Agreement other than for Good Reason, United will be entitled to reduce the benefits otherwise required to be provided to the Executive, if any, from the Termination Date to the date that the Employment Period would have expired, to the extent such benefits are actually provided to the Executive by subsequent employers.

i. No Other Entitlement to Benefits Under Agreement. Following a termination governed by this Section 5, the Executive will not be entitled to any compensation or benefits beyond those set forth in this Agreement, except as Executive may otherwise be entitled to receive outside the terms of this Agreement and as may be separately negotiated by the parties and approved by the Compensation Committee or the Compensation Administration Committee, as applicable, in writing in conjunction with the termination of the Executive's employment under this Agreement.

j. Survival. The obligations of this Section 5 will survive the expiration or termination of this Agreement.

6. Indemnification.

United shall maintain, for the benefit of the Executive, director and officer liability insurance in form at least as comprehensive as, and in an amount that is at least equal to, that maintained for its officers and directors by United on the Effective Date. In addition, the Executive shall be indemnified by United against liability as an officer and director of United and any subsidiary or affiliate of United to the maximum extent permitted by applicable law. The Employee's rights under this Section 6 shall continue so long as he may be subject to such liability, whether or not this Agreement may have terminated prior thereto.

7. Confidentiality.

a. Definition. "Confidential Information," as used in this Agreement, means and includes (without limitation) the kinds of services provided or proposed to be provided by United and its subsidiaries to customers, the manner in which such services are performed or offered to be performed, information concerning United's and its subsidiaries' fleet plan, cost structure, strategic plan, labor strategy, information concerning the creation, acquisition or disposition of products and services, personnel information, and other trade secrets and confidential or proprietary information concerning United's and its subsidiaries' business, but shall not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by Executive, (ii) was available to Executive on a non-confidential basis prior to its disclosure by United or any subsidiary of United, or (iii) becomes available to Executive on a non-confidential basis from a person other than United, any

subsidiary of United or their officers, directors, employees or agents who is not otherwise bound by any confidentiality obligations with respect to the information provided to Executive.

b. Prohibition on Use of Confidential Information.

(i) The Executive acknowledges that: (a) United's and its subsidiaries' business is intensely competitive and that the Executive's employment by United will require that the Executive have access to and knowledge of Confidential Information of United, (b) the direct or indirect disclosure of any Confidential Information would place United at a disadvantage and would do damage, monetary or otherwise, to United's business, and (c) the engaging by the Executive in any of the activities prohibited by this Section 7 may constitute improper appropriation or use of such Confidential Information. The Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectible business interest of United.

(ii) From and after the Effective Date, the Executive will not make known, disclose, furnish, make available or use any of the Confidential Information, whether directly or indirectly, individually, as a director, stockholder, owner, partner, employee, principal, or agent of any business, or in any other capacity, other than in the proper performance of his duties contemplated under this Agreement. Upon termination of this Agreement (or at any other time requested by United), the Executive will return to United any tangible Confidential Information, including photocopies, extracts and summaries thereof, or any such information stored electronically on tapes, computer disks, or in any other manner that the Executive has in his possession.

c. Survival. The obligations of this Section 7 will survive the expiration or termination of this Agreement.

8. Non-Disparagement.

a. Limitation on Application. If United terminates the Executive's employment other than for Cause, Disability or death or if the Executive terminates his employment hereunder for Good Reason, then, and only then, shall the terms of this Section 8 become effective.

b. By the Executive. The Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (i) accuses or implies that United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to the Executive's employment (or the termination thereof), the business or operations of United, or otherwise; or (ii) disparages, impugns or in any way reflects adversely upon the business or reputation of United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns.

c. By United. United agrees not to willfully authorize any statement, observation or opinion (whether oral or written, direct or indirect) that is materially injurious to the Executive and that (i) accuses or implies that the Executive engaged in any wrongful, unlawful or improper conduct relating to the Executive's employment with United or (ii) disparages, impugns or in any way reflects adversely upon the reputation of the Executive.

d. Limitations. Nothing herein will be deemed to preclude the Executive or United from providing truthful testimony or information pursuant to subpoena, court order or similar legal process, or instituting and pursuing legal action.

e. Survival. The obligations of this Section 8 will survive the expiration or termination of this Agreement.

9. Non-Competition.

a. Non-Compete; Non-solicitation. Without the consent in writing of the Board, during the Employment Period and for a period of two years after termination of the Executive's employment hereunder, (i) the Executive will not become a consultant to, or an officer, employee, agent, advisor, principal, partner, director or substantial stockholder of any airline, air carrier, or any company or other entity affiliated, directly or indirectly, with another airline or air carrier, including holding company thereof, and (ii) the Executive will not, directly or indirectly, for the benefit of any airline or air carrier or any company or other entity affiliated, directly or indirectly, with another airline or air carrier other than United, solicit the employment or services of, hire, or assist in the hiring of any person eligible for United's Performance Incentive Plan (or any successor incentive compensation plan).

b. Acknowledgment. The Executive has carefully read and considered the provisions of this Section 9 and, having done so, agrees that the restrictions set forth in this Section 9 (including the period of restriction, scope of activity to be restrained and the geographical scope) are fair and reasonable and are reasonably required for the protection of the interests of United, its officers, directors, employees, creditors and stockholders. The Executive understands that the restrictions contained in this section may limit his ability to engage in a business similar to that of United's, but acknowledges that he will receive sufficiently high compensation and other benefits hereunder to justify such restrictions.

c. Survival. The obligations of this Section 9 will survive the expiration or termination of this Agreement.

10. Miscellaneous.

a. Stock Ownership Requirements. Executive is not required to comply with United's current stock ownership guidelines applicable to United's senior executives.

b. No Adequate Remedy. The Executive understands that if he fails to fulfill his obligations under Sections 7 (Confidentiality), 8 (Non-Disparagement) or 9 (Non-Competition) of this Agreement, United will suffer irreparable injury, and the damages to United would be very difficult to determine. Therefore, in addition to any other rights or remedies, the Executive agrees that United will be entitled to a temporary, preliminary, and permanent injunction enjoining or restraining the Executive from any such violation or threatened violation, without the necessity of proving the inadequacy of monetary damages or the posting of any bond or security. The Executive hereby consents to specific enforcement of Sections 7, 8 and 9 of this Agreement by United through an injunction or restraining order issued by any state or federal court of competent jurisdiction. The Executive further acknowledges and agrees that due to the uniqueness of his services and confidential nature of the Confidential Information he possesses or will possess during the Employment Period, the covenants set forth herein are reasonable and necessary for the protection of the business and the goodwill of United.

c. No Conflicts. The Executive represents and warrants to United that neither the entering into of this Agreement nor the performance of any obligations hereunder will conflict with or constitute a breach under any obligation of him, as the case may be, under any agreement or contract to which he is a party or any other obligation by which the Executive is bound. Without limiting the foregoing, the Executive agrees that at no time will he knowingly use any trade secrets or other intellectual property of any third party while performing services hereunder, unless properly authorized by such third party.

d. Reimbursement of Professional Fees. United will pay on the Executive's behalf all bills rendered to the Executive by the Executive's attorneys, accountants and other advisors in connection with the negotiation and execution of this Agreement; provided, however, that the amount of professional fees payable hereunder will not exceed \$60,000.

e. Successors and Assigns. This Agreement is personal to the Executive and may not be assigned or delegated by the Executive or transferred in any manner whatsoever, nor are such obligations subject to involuntary alienation, assignment or transfer. This Agreement will inure to the benefit of and be enforceable by the Executive's legal representatives. This Agreement is binding on and inures to the benefit of United's successors and assigns. As used in this Agreement, the term "United" includes any successor to United's business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

f. Modification. This Agreement may be modified or amended only by a writing signed by United and the Executive.

g. Governing Law. The laws of the State of Illinois will govern the validity, construction, and performance of this Agreement (without regard to conflict of laws principles).

h. Dispute Resolution. Except for any proceeding brought pursuant to Section 10(a) herein, the parties agree that any dispute arising out of or relating to this Agreement or the formation, breach, termination or validity thereof (a "Dispute"), will be settled by binding arbitration by a panel of three (3) arbitrators in accordance with the commercial arbitration rules of the American Arbitration Association. The arbitration proceedings will be located in Chicago, Illinois. The arbitrators are not empowered to award damages in excess of compensatory damages and each party hereby irrevocably waives any damages in excess of compensatory damages. Judgment upon any arbitration award may be entered into any court having jurisdiction thereof and the parties consent to the jurisdiction of any court of competent jurisdiction located in the State of Illinois. In the event Executive prevails in arbitration on a material issue, Executive will be entitled to recover his costs of arbitration, including reasonable attorneys' fees, and any costs associated with the enforcement of the arbitrator's decree, including reasonable attorneys' fees. Notwithstanding the foregoing, if litigation is brought with respect to this Agreement, other than litigation not permitted by this Agreement which is commenced by Executive, Executive shall be entitled to recover from United his costs and expenses associated with such litigation, including reasonable attorneys' fees.

i. Construction. Whenever possible, each provision of this Agreement will be interpreted so that it is valid under the applicable law. If any provision of this Agreement is to any extent declared invalid by a court of competent jurisdiction under the applicable law, that provision will remain effective to the extent not declared invalid. The remainder of this Agreement also will continue to be valid to the extent it is consistent with the essential intent and principles of the Agreement, and the entire Agreement will continue to be valid in other jurisdictions.

j. Waivers. No failure or delay by United or the Executive in exercising any right or remedy under this Agreement will waive any provision of the Agreement. Nor will any single or partial exercise by either United or the Executive of any right or remedy under this Agreement preclude either of them from otherwise or further exercising these rights or remedies, or any other rights or remedies granted by any law or any related document.

k. Entire Agreement. This Agreement and option agreements to which the Executive is a party together embody the entire agreement and understanding of the parties hereto in respect of the matters contemplated by this Agreement. This Agreement supersedes all prior and contemporaneous agreements and understandings between the parties with respect to the matters contemplated by this Agreement, including without limitation the Term Sheet dated August 30, 2002.

l. Actions by United. All actions (or decisions to take no action) by UAL or UA in connection with this Agreement will be taken on behalf of UAL or UA by its Board of Directors (except as otherwise specifically provided in this Agreement), by a majority of such board (not including the Executive).

m. Notices. All notices and other communications under this Agreement must be in writing and must either be delivered personally, sent by first class mail, certified or registered with return receipt requested, postage prepaid; if to United, to the attention of the General Counsel at 1200 East Algonquin Road, Elk Grove Township, Illinois 60007; and if to the Executive, at his address most recently on file with United, or such other address as either party may specify by like notice.

n. Employment Status. Nothing herein contained shall interfere with United's right to terminate the Executive's employment with United at any time, with or without Cause, subject to the Company's obligation to provide severance benefits and other amounts as may be required hereunder.

United and the Executive have executed this Agreement as of the date first above written.

UAL CORPORATION

By: /s/ Francesca M. Maher

Name: Francesca M. Maher

Title: Senior Vice President,
General Counsel and Secretary

EXECUTIVE

/s/ Glenn F. Tilton

Glenn F. Tilton

UNITED AIR LINES, INC.

By: /s/ Francesca M. Maher

Name: Francesca M. Maher
Title: Senior Vice President,
General Counsel and Secretary

EXHIBIT A

AGREEMENT WITH SENIOR OFFICERS OF UNITED AIR LINES, INC.
NON-QUALIFIED STOCK OPTION UNDER THE UAL CORPORATION
2000 INCENTIVE STOCK PLAN

This Option, granted this 2nd day of September, 2002 by UAL Corporation, a Delaware corporation (hereinafter called the "Company"), to Glenn F. Tilton (hereinafter called the "Employee") of the Company or one of its Subsidiaries (as defined below).

WITNESSETH:

The object of this Option is to provide a means to permit the Employee to acquire shares of Common Stock, \$.01 par value per share (hereinafter referred to as "Common Stock"), of the Company pursuant to a non-qualified option for the purposes set forth in the 2000 Incentive Stock Plan (the "Plan").

NOW, THEREFORE, the Company hereby grants to the Employee an option (hereinafter called the "Option") to purchase, from time to time, all or any part of a total of the number of 500,000 shares of Common Stock for a period of time beginning the date of the grant and ending September 1, 2012, ten years after the date of the Option (hereinafter called the "Option Period"), upon and subject to the following terms and conditions:

1. Price. For any shares of Common Stock purchased at any time during the Option Period, the Employee shall pay to the Company Three Dollars and Three Cents (\$3.03) per share (hereinafter called the "Option Purchase Price"), being not less than 100% of the fair market value of the shares on the date hereof.

2. Exercise Procedures. The Option may be exercised, subject to the provisions of Sections 3, 6, 7 and 8 hereof, only within the Option Period and only (a) by notices in writing of intent to exercise the Option, each of which notices shall state the number of shares in respect of which the Option is exercised, delivered to the Corporate Secretary of UAL Corporation, or mailed by registered or certified mail addressed to the Corporate Secretary of UAL Corporation, P. O. Box 66919, Chicago, Illinois 60666, from time to time, until the total number of shares underlying this Option have been purchased, and (b) by payment to the Company of the aggregate Option Purchase Price for the number of shares in respect of which the Option is exercised (together with any taxes required to be withheld) contemporaneously with its receipt of each such notice. Payment of such aggregate Option Purchase Price may be made, in whole or in part, by the delivery, or, if administratively permitted by the Company, by attestation of ownership, of whole shares of Common Stock which (i) have a market value equal to such aggregate Option Purchase Price (or equal to the portion of such aggregate Option Purchase Price being paid with such shares), (ii) are held of record by the Employee, and (iii) have been owned by the Employee, either of record or beneficially through a broker or other nominee, for at least six months. The Company may require at the time the Option is exercised a written statement of the person exercising the Option that his or her intention is to acquire the shares for investment and without a view to their distribution.

3. Vesting. Subject to Section 6A below, the Option is subject to the following limitations upon its exercise:

(a) No shares may be acquired until September 2, 2003.

(b) Commencing on each consecutive September 2nd, beginning on September 2, 2003, the Employee will be entitled to exercise the right to purchase one-fourth (1/4) of the total number of shares specified in the Option.

4. Deferral. The Employee may elect, in accordance with the Option Deferral Policy as in effect from time to time, to defer receipt of the shares that result from the exercise of the Option. The election to defer receipt of shares is irrevocable.

5. Transferability. Unless an election to transfer has been made, the Option is not transferable by the Employee, other than by will or the laws of descent and distribution, and may be exercised, during the lifetime of the Employee, only by the Employee. Upon election, Employee may transfer any part of or all of the Option, but only to persons provided by, and in a manner consistent with, the Option Transfer Policy.

6. Expiration - Other Than Retirement. Subject to Section 6A below, the Option shall not be exercisable after the Expiration Date. Subject to Sections 6A and 7, the Expiration Date shall be the earliest to occur of (a) or (b):

(a) September 1, 2012; or

(b) Six months after the Employee's cessation of employment by the Company and all of its Subsidiaries (without regard to the Employee's subsequent re-employment by the Company or a Subsidiary) under any circumstances except Retirement (as defined in Section 7), death or termination by the Company other than for Cause (as defined in Section 6A) and may be exercised only in respect of the number of shares which the Employee could have acquired under the Option by the exercise thereof immediately prior to such cessation of employment.

For purposes of this Section 6 and Sections 6A and 7, and for purposes of the other provisions of this Agreement, an Employee employed by a

subsidiary or other entity which ceases to meet the definition of a Subsidiary contained in this Agreement will be treated as though his or her employment has ceased as of the date the entity ceases to meet such definition. In the event of any disagreement as to whether for the purposes of this Option an Employee's employment by the Company or a Subsidiary has ceased, the committee appointed to administer the Plan shall have absolute and uncontrolled discretion to determine whether such employment has ceased, and the effective date of such cessation of employment, and its determination shall be final and conclusive on all persons affected thereby.

6A. Termination without Cause or Resignation for Good Reason. Notwithstanding the foregoing provisions of this Agreement, in the event that the Employee's termination of employment occurs by reason of either (i) termination by the Company for reasons other than Cause, Disability or Retirement (as defined in Section 7), (ii) resignation by the Employee for Good Reason, or (iii) death, then the Option shall immediately become fully vested and exercisable as of the date of termination and shall remain exercisable for the lesser of five years following the date of termination or the remainder of the original term, as though the Employee's employment had continued without regard to such termination. For purposes of this Agreement, the terms "Cause," "Disability" and "Good Reason" shall be as defined and determined in that Employment Agreement entered into by an between the Employee and the Company effective as of September 2, 2002.

7. Expiration - Retirement. If cessation of employment occurs due to Employee's Retirement (as defined below), the Option may be exercised on or prior to the Expiration Date, and the right to purchase shares under this Option shall continue to accrue, as provided in Section 3 above, to the Employee (without regard to the Employee's subsequent re-employment by the Company or a Subsidiary). As used in this Agreement, "Retirement" shall mean an Employee's termination of employment by the Company and all of its Subsidiaries, other than by reason of death of the Employee, (i) at any time the Employee is eligible to immediately receive early or normal benefits under his or her employer's defined benefit pension plan, including any supplemental defined benefit pension plan or, in all other cases, (ii) that is determined by the Company, in its sole discretion, to be a Retirement for purposes of this Agreement. Notwithstanding the foregoing, in the event of the Employee's death following the Employee's Retirement but prior to the Expiration Date, the Option may be exercised within one year after the date of death (but not later than the Expiration Date) by his or her estate or by the person or persons to whom his or her rights under the Option shall pass by will or the laws of descent and distribution, but only in respect of the number of shares which the Employee could have acquired under the Option by the exercise thereof immediately prior to the date of death.

8. Securities Law Compliance. The Company shall not be required to issue or deliver any certificate for its Common Stock purchased upon the exercise of this Option prior to compliance by the Company with any requirements of any stock exchange on which Common Stock of the Company may at that time be listed. If at any time during the Option Period the Company shall be advised by its counsel that the shares of Common Stock deliverable upon an exercise of the Option are required to be registered under the Federal Securities Act of 1933, as amended, or any state securities law or that delivery of such Common Stock must be accompanied or preceded by a Prospectus meeting the requirements of such Act, the Company will use its reasonable efforts to effect such registration or provide such Prospectus not later than a reasonable time following each exercise of this Option, but delivery of Common Stock by the Company may be deferred until such registration is effected or such Prospectus is available. If at any time during the Option Period the Company shall be advised by its counsel that the Common Stock deliverable upon exercise of this Option are subject to the restrictions on sale imposed on "affiliates" under Rule 144 of the Federal Securities Act of 1933, the Employee will use his or her best efforts to comply with said Rule 144. This Option shall not confer upon the Employee any rights as a shareholder of the Company prior to the date on which the Employee fulfills all conditions for receipt of such rights.

9. Stock Splits, Reclassifications, Etc. In the event the outstanding shares of Common Stock of the Company shall be changed into an increased number of shares, through a stock dividend or a split-up of shares, or into a decreased number of shares, through a combination of shares, then immediately after the record date for such change, the number of shares of Common Stock then subject to the Option shall be proportionately increased, in case of such stock dividend or split-up of shares, or proportionately decreased, in case of such combination of shares, and the Option Purchase Price under such Option shall be adjusted to such amount that the aggregate cost of the shares subject to such Option immediately after such increase or decrease in shares shall be the same as the aggregate cost of the shares subject to such Option immediately prior to such increase or decrease in shares.

In the event that, as a result of a reorganization, sale, merger, consolidation or similar occurrence, there shall be any other change in the shares of Common Stock of the Company, or of any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, then the Board of Directors of the Company shall make such equitable adjustments to the Option (including, but not limited to, changes in the number or kind, or the Option Purchase Price, of shares then subject to the Option), as it shall deem appropriate, and any such adjustments shall be effective and binding on the Employee for all purposes of the Option.

10. Use of Shares for Tax Withholding. Notwithstanding anything in this Agreement to the contrary, the Employee may elect, prior to delivery of the shares arising from exercise of the Option, to satisfy any Federal, State, local, FICA, Medicare or other tax withholding obligation attributable to the exercise of the Option by having the Company withhold from the Common Stock a number of whole shares of Common Stock with a fair market value equal to the amount of such tax withholding obligations with respect to which such election is made (with the Employee to pay in cash any remaining amount of such tax withholding obligation which is less than the fair market value of a whole share). The amount withheld pursuant to this Section shall be calculated based upon the minimum tax rate or rates at which the Company is required to withhold under applicable law.

11. Successors and Assigns. This Option shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and the heirs and personal representatives of the Employee.

12. Governing Law. This Option shall be governed by the laws of the State of Illinois applicable to agreements made and to be performed entirely within such State.

13. Applicability of Plan. This Option shall be subject to the terms of the Plan, including, without limitation, Sections 2, 5, 9, 14 and 15 thereof; provided, however, that in the event of any inconsistency between this Option and the Plan, the terms of this Option shall govern.

14. Modification. Except as expressly provided herein or in the Plan, this Option may not be altered, modified, changed or discharged, except by a writing signed by or on behalf of both the Company and the Employee.

15. Securities Trading Policy. The Employee acknowledges and agrees to comply with the legal requirements and Company's policies applicable to trading in UAL securities by the Employee, as described in the United Airlines Code of Conduct and Securities Trading Policy, as they appear in Regulations 5-4.

IN WITNESS WHEREOF, the Company and the Employee have executed this Option as of the day and year first above written.

UAL CORPORATION

By: /s/ Francesca M. Maher
Senior Vice President,
General Counsel and Secretary

ACCEPTED:

/s/ Glenn F. Tilton
(signature of employee)
Print Name: Glenn F. Tilton

AGREEMENT WITH SENIOR OFFICERS OF UNITED AIR LINES, INC. NON-QUALIFIED STOCK OPTION UNDER THE UAL CORPORATION
2002 SHARE INCENTIVE PLAN

This Option, granted this 2nd day of September, 2002 by UAL Corporation, a Delaware corporation (hereinafter called the "Company"), to Glenn F. Tilton (hereinafter called the "Employee") of the Company or one of its Subsidiaries (as defined below).

WITNESSETH:

The object of this Option is to provide a means to permit the Employee to acquire shares of Common Stock, \$.01 par value per share (hereinafter referred to as "Common Stock"), of the Company pursuant to a non-qualified option for the purposes set forth in the 2002 Share Incentive Plan (the "Plan").

NOW, THEREFORE, the Company hereby grants to the Employee an option (hereinafter called the "Option") to purchase, from time to time, all or any part of a total of the number of 650,000 shares of Common Stock for a period of time beginning the date of the grant and ending September 1, 2012, ten years after the date of the Option (hereinafter called the "Option Period"), upon and subject to the following terms and conditions:

1. Price. For any shares of Common Stock purchased at any time during the Option Period, the Employee shall pay to the Company Three Dollars and Three Cents (\$3.03) per share (hereinafter called the "Option Purchase Price"), being not less than 100% of the fair market value of the shares on the date hereof.

2. Exercise Procedures. The Option may be exercised, subject to the provisions of Sections 3, 6, 7 and 8 hereof, only within the Option Period and only (a) by notices in writing of intent to exercise the Option, each of which notices shall state the number of shares in respect of which the Option is exercised, delivered to the Corporate Secretary of UAL Corporation, or mailed by registered or certified mail addressed to the Corporate Secretary of UAL Corporation, P. O. Box 66919, Chicago, Illinois 60666, from time to time, until the total number of shares underlying this Option have been purchased, and (b) by payment to the Company of the aggregate Option Purchase Price for the number of shares in respect of which the Option is exercised (together with any taxes required to be withheld) contemporaneously with its receipt of each such notice. Payment of such aggregate Option Purchase Price may be made, in whole or in part, by the delivery, or, if administratively permitted by the Company, by attestation of ownership, of whole shares of Common Stock which (i) have a market value equal to such aggregate Option Purchase Price (or equal to the portion of such aggregate Option Purchase Price being paid with such shares), (ii) are held of record by the Employee, and (iii) have been owned by the Employee, either of record or beneficially through a broker or other nominee, for at least six months. The Company may require at the time the Option is exercised a written statement of the person exercising the Option that his or her intention is to acquire the shares for investment and without a view to their distribution. Shares of Common Stock delivered to Employee pursuant to the exercise of this Option shall consist exclusively of treasury shares.

3. Vesting. Subject to Section 6A below, the Option is subject to the following limitations upon its exercise:

(a) No shares may be acquired until September 2, 2003.

(b) Commencing on each consecutive September 2nd, beginning on September 2, 2003, the Employee will be entitled to exercise the right to purchase one-fourth (¼) of the total number of shares specified in the Option.

4. Deferral. The Employee may elect, in accordance with the Option Deferral Policy as in effect from time to time, to defer receipt of the shares that result from the exercise of the Option. The election to defer receipt of shares is irrevocable.

5. Transferability. Unless an election to transfer has been made, the Option is not transferable by the Employee, other than by will or the laws of descent and distribution, and may be exercised, during the lifetime of the Employee, only by the Employee. Upon election, Employee may transfer any part of or all of the Option, but only to persons provided by, and in a manner consistent with, the Option Transfer Policy.

6. Expiration - Other Than Retirement. Subject to Section 6A below, the Option shall not be exercisable after the Expiration Date. Subject to Sections 6A and 7, the Expiration Date shall be the earliest to occur of (a) or (b):

(a) September 1, 2012; or

(b) Six months after the Employee's cessation of employment by the Company and all of its Subsidiaries (without regard to the Employee's subsequent re-employment by the Company or a Subsidiary) under any circumstances except Retirement (as defined in Section 7), death or termination by the Company other than for Cause (as defined in Section 6A) and may be exercised only in respect of the number of shares which the Employee could have acquired under the Option by the exercise thereof immediately prior to such cessation of employment.

For purposes of this Section 6 and Sections 6A and 7, and for purposes of the other provisions of this Agreement, an Employee employed by a subsidiary or other entity which ceases to meet the definition of a Subsidiary contained in this Agreement will be treated as though his or her employment has ceased as of the date the entity ceases to meet such definition. In the event of any disagreement as to whether for the purposes of this Option an Employee's employment by the Company or a Subsidiary has ceased, the committee appointed to administer the Plan shall have absolute and uncontrolled discretion to determine whether such employment has ceased, and the effective date of such cessation of employment, and its determination shall be final and conclusive on all persons affected thereby.

6A. Termination without Cause or Resignation for Good Reason. Notwithstanding the foregoing provisions of this Agreement, in the event that the Employee's termination of employment occurs by reason of either (i) termination by the Company for reasons other than Cause, Disability or Retirement (as defined in Section 7), (ii) resignation by the Employee for Good Reason, or (iii) death, then the Option shall immediately become fully vested and exercisable as of the date of termination and shall remain exercisable for the lesser of five years following the date of termination or the remainder of the original term, as though the Employee's employment had continued without regard to such termination. For purposes of this Agreement, the terms "Cause," "Disability" and "Good Reason" shall be as defined and determined in that Employment Agreement entered into by an between the Employee and the Company effective as of September 2, 2002.

7. Expiration - Retirement. If cessation of employment occurs due to Employee's Retirement (as defined below), the Option may be exercised on or prior to the Expiration Date, and the right to purchase shares under this Option shall continue to accrue, as provided in Section 3 above, to the Employee (without regard to the Employee's subsequent re-employment by the Company or a Subsidiary). As used in this Agreement, "Retirement" shall mean an Employee's termination of employment by the Company and all of its Subsidiaries, other than by reason of death of the Employee, (i) at any time the Employee is eligible to immediately receive early or normal benefits under his or her employer's defined benefit pension plan, including any supplemental defined benefit pension plan or, in all other cases, (ii) that is determined by the Company, in its sole discretion, to be a Retirement for purposes of this Agreement. Notwithstanding the foregoing, in the event of the Employee's death following the Employee's Retirement but prior to the Expiration Date, the Option may be exercised within one year after the date of death (but not later than the Expiration Date) by his or her estate or by the person or persons to whom his or her rights under the Option shall pass by will or the laws of descent and distribution, but only in respect of the number of shares which the Employee could have acquired under the Option by the exercise thereof immediately prior to the date of death.

8. Securities Law Compliance. The Company shall not be required to issue or deliver any certificate for its Common Stock purchased upon the exercise of this Option prior to compliance by the Company with any requirements of any stock exchange on which Common Stock of the Company may at that time be listed. If at any time during the Option Period the Company shall be advised by its counsel that the shares of Common Stock deliverable upon an exercise of the Option are required to be registered under the Federal Securities Act of 1933, as amended, or any state securities law or that delivery of such Common Stock must be accompanied or preceded by a Prospectus meeting the requirements of such Act, the Company will use its reasonable efforts to effect such registration or provide such Prospectus not later than a reasonable time following each exercise of this Option, but delivery of Common Stock by the Company may be deferred until such registration is effected or such Prospectus is available. If at any time during the Option Period the Company shall be advised by its counsel that the Common Stock deliverable upon exercise of this Option are subject to the restrictions on sale imposed on "affiliates" under Rule 144 of the Federal Securities Act of 1933, the Employee will use his or her best efforts to comply with said Rule 144. This Option shall not confer upon the Employee any rights as a shareholder of the Company prior to the date on which the Employee fulfills all conditions for receipt of such rights.

9. Stock Splits, Reclassifications, Etc. In the event the outstanding shares of Common Stock of the Company shall be changed into an increased number of shares, through a stock dividend or a split-up of shares, or into a decreased number of shares, through a combination of shares, then immediately after the record date for such change, the number of shares of Common Stock then subject to the Option shall be proportionately increased, in case of such stock dividend or split-up of shares, or proportionately decreased, in case of such combination of shares, and the Option Purchase Price under such Option shall be adjusted to such amount that the aggregate cost of the shares subject to such Option immediately after such increase or decrease in shares shall be the same as the aggregate cost of the shares subject to such Option immediately prior to such increase or decrease in shares.

In the event that, as a result of a reorganization, sale, merger, consolidation or similar occurrence, there shall be any other change in the shares of Common Stock of the Company, or of any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, then the Board of Directors of the Company shall make such equitable adjustments to the Option (including, but not limited to, changes in the number or kind, or the Option Purchase Price, of shares then subject to the Option), as it shall deem appropriate, and any such adjustments shall be effective and binding on the Employee for all purposes of the Option.

10. Use of Shares for Tax Withholding. Notwithstanding anything in this Agreement to the contrary, the Employee may elect, prior to delivery of the shares arising from exercise of the Option, to satisfy any Federal, State, local, FICA, Medicare or other tax withholding obligation attributable to the exercise of the Option by having the Company withhold from the Common Stock a number of whole shares of Common Stock with a fair market value equal to the amount of such tax withholding obligations with respect to which such election is made (with the Employee to pay in cash any remaining amount of such tax withholding obligation which is less than the fair market value of a whole share). The amount withheld pursuant to this Section shall be calculated based upon the minimum tax rate or rates at which the Company is required to withhold under applicable law.

11. Successors and Assigns. This Option shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and the heirs and personal representatives of the Employee.

12. Governing Law. This Option shall be governed by the laws of the State of Illinois applicable to agreements made and to be performed entirely within such State.

13. Applicability of Plan. This Option shall be subject to the terms of the Plan, including, without limitation, Sections 3, 4, 11, 14 and 16 thereof; provided, however, that in the event of any inconsistency between this Option and the Plan, the terms of this Option shall govern.

14. Modification. Except as expressly provided herein or in the Plan, this Option may not be altered, modified, changed or discharged, except by a writing signed by or on behalf of both the Company and the Employee.

15. Securities Trading Policy. The Employee acknowledges and agrees to comply with the legal requirements and Company's policies applicable to trading in UAL securities by the Employee, as described in the United Airlines Code of Conduct and Securities Trading Policy, as they appear in Regulations 5-4.

IN WITNESS WHEREOF, the Company and the Employee have executed this Option as of the day and year first above written.

UAL CORPORATION

By: /s/ Francesca M. Maher
Senior Vice President,
General Counsel and Secretary

ACCEPTED:

/s/ Glenn F. Tilton
(signature of employee)

Print Name: Glenn F. Tilton

EXHIBIT B

RESTRICTED STOCK AGREEMENT

AGREEMENT made as of September 2, 2002 between Glenn F. Tilton ("Recipient") and UAL Corporation (together with its wholly owned subsidiary, United Air Lines, Inc., the "Company"). For purposes of this Agreement, the term "Shares" shall mean 100,000 shares of Common Stock, \$0.01 par value ("Common Stock"), of the Company.

WHEREAS, Recipient has been awarded the Shares in accordance with and subject to the terms of this Agreement.

NOW THEREFORE IT IS AGREED:

1. Promptly after the execution of this Agreement by Recipient, the Company shall cause Computershare Investor Services of Chicago, the transfer agent for the Common Stock (together with its successors and assigns, the "Transfer Agent"), to make a book entry record showing ownership for the Shares in the name of the Recipient subject to the terms and conditions of this Agreement.

The Shares shall be issued from Common Stock reserved for issuance pursuant to the UAL Corporation 2002 Share Incentive Plan (the "Plan") as Restricted Share grants under Section 8 of the Plan.

2. During the Restricted Period (as defined in Section 8 of the Plan) for the Shares, Recipient shall not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of such Shares.

3. Recipient represents that the Shares are being acquired for investment and that Recipient has no present intention to transfer, sell or otherwise dispose of the Shares, except in compliance with applicable securities laws, and the parties agree that the Shares are being acquired in accordance with and subject to the terms, provisions and conditions of this Agreement. These agreements shall bind and inure to the benefit of the parties' respective heirs, legal representatives, successors and assigns.

4. Twenty-five percent of the Shares shall be released from restrictions under this Agreement on each of the first, second, third and fourth anniversary dates of this Agreement, subject to earlier release pursuant to Section 8 of the Plan and as further provided herein. A certificate for all Shares granted pursuant to this Agreement will be issued to Recipient following such anniversary date or, at Recipient's election, may be transferred in book entry form to Recipient's brokerage account (subject to any adjustment made therein to withhold Shares to pay taxes as provided in Section 5 hereof). Any period during which Shares are subject to restriction hereunder is herein referred to as the "Restricted Period." Notwithstanding the foregoing, in the event of separation or termination of the Recipient's employment with the Company for any reason, including as a result of the Recipient's retirement, disability or termination for Cause, but excluding the resignation of the Recipient for Good Reason, termination by the Company not for Cause or death, then all unreleased, restricted Shares shall be forfeited upon such separation or termination. In the event that the Recipient's termination of employment occurs by reason of either (i) termination by the Company for reasons other than Cause, disability or retirement, (ii) resignation by the Recipient for Good Reason or (iii) death, then all unreleased, restricted Shares shall be immediately released from all such restrictions under this Agreement. For purposes of this Agreement, the terms "Cause" and "Good Reason" shall be as defined and determined in that Employment Agreement entered into by and between the Employee and the Company effective as of September 2, 2002.

5. The Company shall be required to withhold the amount of taxes required to satisfy any applicable federal, state and local tax withholding obligations arising from the lapse of restrictions on Shares. Recipient may elect to satisfy any such tax obligation in cash or by authorizing the Company to withhold from the Shares issued to Recipient as a result of the lapse of the restrictions on

Shares, the number of whole shares of Common Stock required to satisfy such tax obligation, the number to be determined by the fair market value of the Shares on the date of the lapse of the restrictions on Shares. If Recipient elects to withhold shares of Common Stock to satisfy any such tax obligation, the Company shall pay to Recipient in cash any remaining proceeds after the application of whole shares that are more than any such obligation.

6. The Company hereby confirms that (i) in the event the outstanding shares of Common Stock of the Company shall be changed into an increased number of shares, through a stock dividend or a split-up of shares, or into a decreased number of shares, through a combination of shares, then immediately after the record date for such change, the number of Shares then subject to this Agreement shall be proportionately increased, in case of such stock dividend or split-up of shares, or proportionately decreased, in case of such combination of shares; and (ii) in the event that, as result of a reorganization, sale, merger, consolidation or similar occurrence, there shall be any other change in the shares of Common Stock of the Company, or of any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, then equitable adjustments to the Shares then subject to this Agreement (including, but not limited to, changes in the number or kind of shares then subject to this Agreement) shall be made.

7. Recipient understands that the Company will, and Recipient hereby authorizes the Company to, issue such instructions to the Transfer Agent as the Company may deem necessary or proper to comply with the intent and purposes of this Agreement. This paragraph shall be deemed to constitute the stock power contemplated by the Plan.

8. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and the heirs and personal representatives of the Recipient.

9. This Agreement shall be subject to the terms of the Plan; provided, however, that in the event of any inconsistency between this Agreement and the Plan, the terms of this Agreement shall govern.

10. This Agreement shall be governed by the laws of the State of Illinois applicable to agreements made and to be performed entirely within such State.

11. This Agreement may not be altered, modified, changed or discharged, except by a writing signed by or on behalf of both the Company and the Recipient.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first written above.

/s/ Glenn F. Tilton
Recipient

UAL CORPORATION
By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Senior Vice President,
General Counsel and Secretary

EXHIBIT C

**GLENN F. TILTON
SECULAR TRUST AGREEMENT NO. 1**

This Agreement is made as of this 5th day of September, 2002, by and among UAL Corporation, a Delaware corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, an Illinois corporation, as trustee (the "Trustee").

RECITALS:

WHEREAS, this Trust Agreement is being entered into pursuant to the terms of the Employment Agreement dated September 5, 2002 (the "Employment Agreement"), attached hereto, for the purpose of establishing a trust (the "Trust") in accordance therewith; and

WHEREAS, the Trustee agrees to receive payment from the Company to be held pursuant to the terms of this Trust Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other valuable consideration, the Company, the Executive and the Trustee agree as follows:

SECTION 1. Establishment of Trust

- (a) The Company hereby pays to the Trustee \$1,500,000, which payment shall effect an irrevocable transfer and conveyance of all of the Company's legal title and ownership in and to such funds, and such funds shall become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. The property held by the Trustee hereunder shall constitute the trust fund ("Trust Fund").
- (b) The Trust Fund shall be held for the benefit of the Executive on the terms and conditions hereinafter set forth.

- (c) The Trust hereby established is irrevocable.
- (d) The Trust is intended to be taxed as a simple trust pursuant to the provisions of Section 651 of the Internal Revenue Code of 1986, as amended ("Code") and, as such, the Trust's income is required to be distributed currently to Executive at the times provided herein. The Trust's fiscal year is the calendar year.
- (e) Except for the limited and contingent right to receive payment of the Trust Fund as provided in Section 9(b) below, the Company shall have no legal or beneficial right or interest whatsoever in or to the Trust or the Trust Fund. Without limiting the generality of the foregoing, the Trust Fund and the principal and income of the Trust shall not constitute assets or property of the Company and shall not be subject to the claims of creditors of the Company in the event of the Company's insolvency or bankruptcy and in such event Company shall not assert that any portion of the Trust Fund constitutes assets of the debtor's estate.
- (f) This Trust shall terminate immediately upon distribution of the principal and earnings of Trust Fund to the Executive or, solely to the extent provided by Section 2(c), upon forfeiture.
- (g) In no event shall this Trust terminate later than 21 years after the death of the Executive and his current spouse.

SECTION 2. Payments to or on Behalf of Executive

- (a) The Trustee shall hold, manage, invest and reinvest the Trust Fund, collect the income therefrom and dispose of the income and principal of the Trust as provided in this Section 2.
- (b) Subject only to Section 2(c) below, Executive shall be fully vested with respect to his interest in the Trust Fund and shall have all rights, title and ownership thereof.
- (c) If, as provided in the Employment Agreement, Executive's employment is terminated by Executive other than for Good Reason and the effective date of such termination is on or before September 2, 2003, then Executive will forfeit 100% of his interest in the Trust Fund. Executive or the Company may provide written notice to the Trustee of the Executive's termination (with a copy to the other party) and stating therein whether such termination constitutes termination by the Executive for Good Reason. If the other party confirms the content of the notice, or fails to object to it within 30 days, distribution will be made in accordance with such notice and Section 2(d) below. In the event that the parties disagree with respect to the notice, the Trustee shall hold the Trust Fund and all subsequent earnings thereon until such time as the reason for termination has been resolved in accordance with the dispute resolution provisions of the Employment Agreement. In no event shall the Executive be deemed to have forfeited his interest in the Trust or the Trust Fund if his employment terminates as a result of a repudiation, rejection or similar breach of the Employment Agreement by the Company.
- (d) In the event that the Trustee has not been provided written notice, as provided in Section 2(c) above, that there has occurred a forfeiture, or that there is a dispute with respect to a notice, the Trust Fund will be paid in full to Executive in a single lump-sum cash amount as of the first business day of January next following the earlier of September 2, 2003 or the Executive's termination of employment.
- (e) If the Executive is deceased, then any amounts payable to the Executive pursuant to the Trust shall instead be paid to the Executive's beneficiary as provided for under the Employment Agreement.
- (f) In the event the Executive must include in his gross income any or all of the value of his interest in the Trust (whether or not prior to the distribution of amounts from the Trust), then the Trustee, upon direction from the Company, shall withhold any federal, state and local taxes of whatever type that may be required to be withheld with respect to such inclusion of income, and shall distribute such amounts to the Company for its proper submission and reporting by the Company. Any amounts so included in the gross income of the Executive shall be treated as additional compensation from the Company on the earlier of September 2, 2003 or the Executive's termination equal to the value of the Trust principal as of such date. The computation of the amount to be withheld and submitted to the proper tax authorities shall be determined by the Company.
- (g) All current earnings (within the meaning of Code section 651) arising from investment of the Trust Fund shall be distributed to the Executive prior to the last business day of January next following the date earned by the Trust. Such income shall be reported and taxed to the Executive under Code Section 652 as a trust distribution and not as additional compensation from the Company. The Trustee, or such other tax advisor as may be selected by the Executive, shall prepare the annual tax returns for the Trust and deliver such returns to the Trustee for review and submission to the proper tax authorities.

SECTION 3. Payments to Company

The Company shall have no beneficial interest in the principal or earnings hereunder, except as provided in Section 9(b).

SECTION 4. Investment Authority

- (a) The Trustee shall have the authority to manage and control the Trust assets, upon written direction from the Executive and shall follow directions with respect to the investment of the Trust Fund from the Executive or any investment advisor(s), which may include affiliates of the Trustee. In the absence of such direction, the Trustee shall invest the corpus of the Trust Fund in short term securities of the United States Government. Pursuant to such authority and subject to the terms of the Agreement, with respect to any and all property at any time held by it hereunder, and whether constituting principal or income therefrom, the Trustee shall have the following powers, in addition to those conferred by law:
 - (1) To retain any such property as investment without regard to the proportion which such property or property of a similar character, so held, may bear to the entire amount of the Trust in which such property is held whether or not such property is of the class in which the Trustee is authorized by law or any rule of court to invest trust funds.
 - (2) To sell such property at either public or private sale for cash or on credit; to exchange such property; and to grant options for the purchase thereof.

(3) To invest and reinvest in property of any character, real or personal, foreign or domestic, including, but without limiting the generality of the foregoing, bonds, notes, securities, mortgages, common and preferred stocks, partnerships, shares or interests in investment trusts and participation in any common trust fund maintained by the Trustee, and open-end and closed-end investment companies and mutual funds, including (to the extent permitted by applicable law) companies or funds to which the Trustee acts as investment advisor and/or performs other services, regardless of the purposes for which any such company or fund was created, and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purpose.

(4) With respect to any investment of the Trust, to consent to and participate in any plan of reorganization, consolidation, merger, combination, or other similar plan, and to consent to any contract, lease, mortgage, purchase, sale or other action by any corporation pursuant to such plan.

(5) With respect to any investment of the Trust, to deposit any such property with any protective reorganization or similar committee, to delegate discretionary power thereto, to pay part of its expenses and compensation and any assessments levied with respect to such property.

(6) To exercise all conversion, subscription, voting and other rights of whatsoever nature pertaining to any such property and to grant proxies, discretionary or otherwise, in respect thereof.

(7) To make loans of securities held in the Trust to registered brokers and dealers upon such terms and conditions as are permitted by applicable law and regulations, and in each instance to permit the securities so let to be registered in the name of the borrower or a nominee of the borrower, provided that in each instance the loan is adequately secured and neither the borrower nor any affiliate of the borrower has discretionary authority or control with respect to the assets of the Trust involved in the transaction or renders investment advice with respect to those assets.

(8) To borrow money in such amounts and upon such terms, from itself individually or from others, for such purpose or purposes as it, in its discretion, may determine and in connection therewith to execute promissory notes, mortgages or other obligations and to pledge or mortgage any such property as security.

(9) To employ agents, experts and counsel, including legal and investment counsel, and to delegate discretionary powers to, and rely upon information and advice furnished by, such agents, experts and counsel and to pay reasonable fees to such agents, experts and counsel.

(10) To extend the time of payment of any obligation held by it and to compromise, settle or submit to arbitration upon such terms as to it may seem proper, or to release, any claim in favor of the Trust created hereunder.

(11) From time to time to register any property in the name of its nominee or in its own name or to hold it unregistered or in such form that title shall pass by delivery and to place property in a custody or safekeeping account.

(12) To receive additional property from any source and add it to, and mingle it with, the Trust hereunder.

(13) To make any division or distribution in cash or in other property or undivided interests therein, or partly in cash and partly in other property or undivided interests therein.

(14) To make executory contracts and to grant options for any purpose and upon any terms, and to make such contracts and options binding on the Trust and enforceable against any property included in the Trust estate.

(15) To do all such acts, take all such proceedings and exercise all such rights and privileges, although not hereinbefore specifically mentioned, with relation to any such property, as if the absolute owner thereof, and in connection therewith to make, execute and deliver any instruments and to enter into any covenants or agreements binding the Trust hereunder.

(16) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or by applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administration Regulations promulgated under the Code.

(b) In no event may Trustee invest in securities (including stock or rights to acquire stocks) or obligations issued by the Company, or any affiliate of the Company, other than a de minimus amount held in common investment vehicles in which the Trustee invests.

SECTION 5. Responsibility of Trustee

(a) The Trustee shall prudently discharge its duties hereunder solely for the purposes set forth herein.

(b) Persons dealing with the Trustee shall not be obligated to look to the application of any moneys or other property paid or delivered to the Trustee or to inquire into the authority of the Trustee as to any transaction. All powers granted to the Trustee shall continue until actual distribution of the property.

(c) The Trustee shall incur no liability whatsoever by reason of any action taken or not taken pursuant to the provisions of this Agreement except for negligence, gross negligence or willful misconduct.

(d) The Trustee may consult with legal counsel (who, with the consent of Executive, may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder. The Trustee may have agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

SECTION 6. Resignation and Removal of Trustee

(a) If the Trustee shall resign or cease to act for any reason, the Company shall have the power to appoint a successor trustee.

Under no circumstances shall the Company act as trustee hereunder.

- (b) The Trustee may resign at any time upon sixty (60) days' prior written notice to the Company. In the event a trustee, or a successor trustee resigns, it shall be relieved of all further liability hereunder other than to account for all property received while acting as trustee and, if applicable, to turn over such property to a successor trustee.
- (c) The Company, with the approval of the Executive, may remove the Trustee at any time upon sixty (60) days' prior written notice to the Trustee, and shall appoint a successor trustee. In the event a trustee is removed it shall be relieved of all further liability hereunder other than to account for all property received while acting as trustee and, if applicable, to turn over such property to a successor trustee.
- (d) The appointment of a successor trustee by the Company shall be subject to the written consent of the Executive.
- (e) No successor trustee shall be liable or responsible in any way for the acts or defaults of any predecessor trustee, nor for any loss or expense caused by anything done or neglected to be done by any predecessor trustee, but such successor trustee shall be liable only for its own acts and defaults with respect to the Trust funds actually received by it as trustee. Every successor trustee shall be vested with all the duties, rights, titles, and powers, whether discretionary or otherwise, of the original trustee. No Trustee or successor trustee shall be required to give any bond or other security for the faithful performance of its duties as such.

SECTION 7. Accounting by Trustee

Trustee shall keep accurate and detailed records of all investments, receipts, disbursements and all other transactions required to be made, including, without limitation, such specific records as shall be agreed upon in writing between the Executive and the Trustee. Within ninety (90) days after the close of each calendar year and within ninety (90) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Executive (with a copy to the Company) a written account of the administration of the Trust during such year or during the period from the close of such preceding year to the date of such removal or resignation setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchase or sales, and showing all cash, securities, and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

SECTION 8. Compensation and Expenses of Trustee.

- (a) The Trustee's fees for the first twelve months have been paid by the Company. Thereafter, to the extent the Trustee's fees are not paid by the Company or the Executive, the fees shall be paid from the Trust.
- (b) All of the on-going administrative expenses shall be paid from the Trust.

SECTION 9. Amendment and Termination

- (a) The Agreement and the Trust hereunder may be amended any time and to any extent by written instrument executed by the Trustee, the Executive and the Company.
- (b) The Trust shall not terminate until the date on which the corpus of the Trust has been distributed to the Executive, or forfeited in accordance with Section 2(c), in which case any assets remaining in the Trust shall be paid to the Company.

SECTION 10. Miscellaneous

- (a) Any direction of the Trustee by the Company pursuant to any of the provisions of the Agreement shall be evidenced by a written notice or written direction to such effect over the signature of any officer or other representative of the Company who shall have been certified in writing to the Trustee by the Secretary of the Company, as having such authority and the Trustee shall be fully protected in acting in accordance with such written notices or written directions. Until written notice is given to the contrary, communications to the Trustee shall be sent to it as its office at The Northern Trust Company, Attn: Scott Borton/RM for UAL, 50 South LaSalle Street, Chicago, IL 60675.
- (b) The Agreement shall inure to the benefit of and be binding upon the Company, the Executive and the Trustee and their successors and assigns.
- (c) The Executive's interest and his beneficiary's interest in income or principal hereunder shall not be subject to anticipation, assignment, pledge, sale or transfer in any manner, nor shall the Executive nor the Executive's beneficiary have the power to anticipate, encumber or change such interest, nor shall such interest, while in the possession of the Trustee, be liable for or subject to the debts, contracts, obligations, liabilities or torts of the Executive or the Executive's spouse.
- (d) Wherever necessary or appropriate, the use herein of any gender shall be deemed to include the other gender and the use herein of either the singular or the plural shall be deemed to include the other.
- (e) Any provision of the Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without affecting the remaining portions hereof.
- (f) This trust is not intended to be an employee benefit plan within the intentment of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended.
- (g) The Agreement shall become effective, as of the day and year first above written, upon the execution of the Agreement by the Company, Trustee and Executive. It shall be governed and construed in all respect according to the law of the State of Illinois. Notwithstanding the application of Illinois law, the actual administration of the Trust may be conducted in such location, and the location of the Trust Fund assets may be changed, as the Trustee, in its sole discretion, may determine from time to time.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first above written.

Attest:

/s/ Mary Jo Georgen

Name: Mary Jo Georgen

Title: Assistant Corporate Secretary

UAL CORPORATION

By: /s/ Francesca M. Maher

Name: Francesca M. Maher

Title: Senior Vice President,
General Counsel and Secretary

Attest:

/s/ Helen M. Stirk

Name: Helen M. Stirk

Title: Senior Vice President and
Assistant Corporate Secretary

THE NORTHERN TRUST COMPANY, as Trustee

By: /s/ Scott G. Borton

Name: Scott G. Borton

Title: Vice President

/s/ Glenn F. Tilton

GLENN F. TILTON

EXHIBIT D

**GLENN F. TILTON
SECULAR TRUST AGREEMENT NO. 2**

This Agreement is made as of this 5th day of September, 2002, by and among UAL Corporation, a Delaware corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, an Illinois corporation, as trustee (the "Trustee").

RECITALS:

WHEREAS, this Trust Agreement is being entered into pursuant to the terms of the Employment Agreement dated September 5, 2002 (the "Employment Agreement"), attached hereto, for the purpose of establishing a trust (the "Trust") in accordance therewith; and

WHEREAS, the Trustee agrees to receive payment from the Company to be held pursuant to the terms of this Trust Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other valuable consideration, the Company, the Executive and the Trustee agree as follows:

SECTION 1. Establishment of Trust

- (a) The Company hereby pays to the Trustee \$1,500,000, which payment shall effect an irrevocable transfer and conveyance of all of the Company's legal title and ownership in and to such funds, and such funds shall become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. The property held by the Trustee hereunder shall constitute the trust fund ("Trust Fund").
- (b) The Trust Fund shall be held for the benefit of the Executive on the terms and conditions hereinafter set forth.
- (c) The Trust hereby established is irrevocable.
- (d) The Trust is intended to be taxed as a simple trust pursuant to the provisions of Section 651 of the Internal Revenue Code of 1986, as amended ("Code") and, as such, the Trust's income is required to be distributed currently to Executive at the times provided herein. The Trust's fiscal year is the calendar year.
- (e) Except for the limited and contingent right to receive payment of the Trust Fund as provided in Section 9(b) below, the Company shall have no legal or beneficial right or interest whatsoever in or to the Trust or the Trust Fund. Without limiting the generality of the foregoing, the Trust Fund and the principal and income of the Trust shall not constitute assets or property of the Company and shall not be subject to the claims of creditors of the Company in the event of the Company's insolvency or bankruptcy and in such event Company shall not assert that any portion of the Trust Fund constitutes assets of the debtor's estate.
- (f) This Trust shall terminate immediately upon distribution of the principal and earnings of Trust Fund to the Executive or, solely to the extent provided by Section 2(c), upon forfeiture.
- (g) In no event shall this Trust terminate later than 21 years after the death of the Executive and his current spouse.

SECTION 2. Payments to or on Behalf of Executive

(a) The Trustee shall hold, manage, invest and reinvest the Trust Fund, collect the income therefrom and dispose of the income and principal of the Trust as provided in this Section 2.

(b) Subject only to Section 2(c) below, Executive shall be fully vested with respect to his interest in the Trust Fund and shall have all rights, title and ownership thereof.

(c) If, as provided in the Employment Agreement, Executive's employment is terminated by Executive other than for Good Reason and the effective date of such termination is on or before September 2, 2004, then Executive will forfeit 100% of his interest in the Trust Fund. Executive or the Company may provide written notice to the Trustee of the Executive's termination (with a copy to the other party) and stating therein whether such termination constitutes termination by the Executive for Good Reason. If the other party confirms the content of the notice, or fails to object to it within 30 days, distribution will be made in accordance with such notice and Section 2(d) below. In the event that the parties disagree with respect to the notice, the Trustee shall hold the Trust Fund and all subsequent earnings thereon until such time as the reason for termination has been resolved in accordance with the dispute resolution provisions of the Employment Agreement. In no event shall the Executive be deemed to have forfeited his interest in the Trust or the Trust Fund if his employment terminates as a result of a repudiation, rejection or similar breach of the Employment Agreement by the Company.

(d) In the event that the Trustee has not been provided written notice, as provided in Section 2(c) above, that there has occurred a forfeiture, or that there is a dispute with respect to a notice, the Trust Fund will be paid in full to Executive in a single lump-sum cash amount as of the first business day of January next following the earlier of September 2, 2004 or the Executive's termination of employment.

(e) If the Executive is deceased, then any amounts payable to the Executive pursuant to the Trust shall instead be paid to the Executive's beneficiary as provided for under the Employment Agreement.

(f) In the event the Executive must include in his gross income any or all of the value of his interest in the Trust (whether or not prior to the distribution of amounts from the Trust), then the Trustee, upon direction from the Company, shall withhold any federal, state and local taxes of whatever type that may be required to be withheld with respect to such inclusion of income, and shall distribute such amounts to the Company for its proper submission and reporting by the Company. Any amounts so included in the gross income of the Executive shall be treated as additional compensation from the Company on the earlier of September 2, 2004 or the Executive's termination equal to the value of the Trust principal as of such date. The computation of the amount to be withheld and submitted to the proper tax authorities shall be determined by the Company.

(g) All current earnings (within the meaning of Code section 651) arising from investment of the Trust Fund shall be distributed to the Executive prior to the last business day of January next following the date earned by the Trust. Such income shall be reported and taxed to the Executive under Code Section 652 as a trust distribution and not as additional compensation from the Company. The Trustee, or such other tax advisor as may be selected by the Executive, shall prepare the annual tax returns for the Trust and deliver such returns to the Trustee for review and submission to the proper tax authorities.

SECTION 3. Payments to Company

The Company shall have no beneficial interest in the principal or earnings hereunder, except as provided in Section 9(b).

SECTION 4. Investment Authority

(a) The Trustee shall have the authority to manage and control the Trust assets, upon written direction from the Executive and shall follow directions with respect to the investment of the Trust Fund from the Executive or any investment advisor(s), which may include affiliates of the Trustee. In the absence of such direction, the Trustee shall invest the corpus of the Trust Fund in short term securities of the United States Government. Pursuant to such authority and subject to the terms of the Agreement, with respect to any and all property at any time held by it hereunder, and whether constituting principal or income therefrom, the Trustee shall have the following powers, in addition to those conferred by law:

(1) To retain any such property as investment without regard to the proportion which such property or property of a similar character, so held, may bear to the entire amount of the Trust in which such property is held whether or not such property is of the class in which the Trustee is authorized by law or any rule of court to invest trust funds.

(2) To sell such property at either public or private sale for cash or on credit; to exchange such property; and to grant options for the purchase thereof.

(3) To invest and reinvest in property of any character, real or personal, foreign or domestic, including, but without limiting the generality of the foregoing, bonds, notes, securities, mortgages, common and preferred stocks, partnerships, shares or interests in investment trusts and participation in any common trust fund maintained by the Trustee, and open-end and closed-end investment companies and mutual funds, including (to the extent permitted by applicable law) companies or funds to which the Trustee acts as investment advisor and/or performs other services, regardless of the purposes for which any such company or fund was created, and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purpose.

(4) With respect to any investment of the Trust, to consent to and participate in any plan of reorganization, consolidation, merger, combination, or other similar plan, and to consent to any contract, lease, mortgage, purchase, sale or other action by any corporation pursuant to such plan.

(5) With respect to any investment of the Trust, to deposit any such property with any protective reorganization or similar committee, to delegate discretionary power thereto, to pay part of its expenses and compensation and any assessments levied with respect to such property.

(6) To exercise all conversion, subscription, voting and other rights of whatsoever nature pertaining to any such property and to grant proxies, discretionary or otherwise, in respect thereof.

(7) To make loans of securities held in the Trust to registered brokers and dealers upon such terms and conditions as are permitted by applicable law and regulations, and in each instance to permit the securities so let to be registered in the name of the borrower or a nominee of the borrower, provided that in each instance the loan is adequately secured and neither the borrower nor any affiliate of the borrower has discretionary authority or control with respect to the assets of the Trust involved in the transaction or renders investment advice with respect to those assets.

(8) To borrow money in such amounts and upon such terms, from itself individually or from others, for such purpose or purposes as it, in its discretion, may determine and in connection therewith to execute promissory notes, mortgages or other obligations and to pledge or mortgage any such property as security.

(9) To employ agents, experts and counsel, including legal and investment counsel, and to delegate discretionary powers to, and rely upon information and advice furnished by, such agents, experts and counsel and to pay reasonable fees to such agents, experts and counsel.

(10) To extend the time of payment of any obligation held by it and to compromise, settle or submit to arbitration upon such terms as to it may seem proper, or to release, any claim in favor of the Trust created hereunder.

(11) From time to time to register any property in the name of its nominee or in its own name or to hold it unregistered or in such form that title shall pass by delivery and to place property in a custody or safekeeping account.

(12) To receive additional property from any source and add it to, and mingle it with, the Trust hereunder.

(13) To make any division or distribution in cash or in other property or undivided interests therein, or partly in cash and partly in other property or undivided interests therein.

(14) To make executory contracts and to grant options for any purpose and upon any terms, and to make such contracts and options binding on the Trust and enforceable against any property included in the Trust estate.

(15) To do all such acts, take all such proceedings and exercise all such rights and privileges, although not hereinbefore specifically mentioned, with relation to any such property, as if the absolute owner thereof, and in connection therewith to make, execute and deliver any instruments and to enter into any covenants or agreements binding the Trust hereunder.

(16) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or by applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administration Regulations promulgated under the Code.

(b) In no event may Trustee invest in securities (including stock or rights to acquire stocks) or obligations issued by the Company, or any affiliate of the Company, other than a de minimus amount held in common investment vehicles in which the Trustee invests.

SECTION 5. Responsibility of Trustee

(a) The Trustee shall prudently discharge its duties hereunder solely for the purposes set forth herein.

(b) Persons dealing with the Trustee shall not be obligated to look to the application of any moneys or other property paid or delivered to the Trustee or to inquire into the authority of the Trustee as to any transaction. All powers granted to the Trustee shall continue until actual distribution of the property.

(c) The Trustee shall incur no liability whatsoever by reason of any action taken or not taken pursuant to the provisions of this Agreement except for negligence, gross negligence or willful misconduct.

(d) The Trustee may consult with legal counsel (who, with the consent of Executive, may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder. The Trustee may have agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

SECTION 6. Resignation and Removal of Trustee

(a) If the Trustee shall resign or cease to act for any reason, the Company shall have the power to appoint a successor trustee. Under no circumstances shall the Company act as trustee hereunder.

(b) The Trustee may resign at any time upon sixty (60) days' prior written notice to the Company. In the event a trustee, or a successor trustee resigns, it shall be relieved of all further liability hereunder other than to account for all property received while acting as trustee and, if applicable, to turn over such property to a successor trustee.

(c) The Company, with the approval of the Executive, may remove the Trustee at any time upon sixty (60) days' prior written notice to the Trustee, and shall appoint a successor trustee. In the event a trustee is removed it shall be relieved of all further liability hereunder other than to account for all property received while acting as trustee and, if applicable, to turn over such property to a successor trustee.

(d) The appointment of a successor trustee by the Company shall be subject to the written consent of the Executive.

(e) No successor trustee shall be liable or responsible in any way for the acts or defaults of any predecessor trustee, nor for any loss or expense caused by anything done or neglected to be done by any predecessor trustee, but such successor trustee shall be liable only for its own acts and defaults with respect to the Trust funds actually received by it as trustee. Every successor trustee shall be vested with all the duties, rights, titles, and powers, whether discretionary or otherwise, of the original trustee. No Trustee or successor trustee shall be required to give any bond or other security for the faithful performance of its duties as such.

SECTION 7. Accounting by Trustee

Trustee shall keep accurate and detailed records of all investments, receipts, disbursements and all other transactions required to be made, including, without limitation, such specific records as shall be agreed upon in writing between the Executive and the Trustee. Within ninety (90) days after the close of each calendar year and within ninety (90) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Executive (with a copy to the Company) a written account of the administration of the Trust during such year or during the period from the close of such preceding year to the date of such removal or resignation setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchase or sales, and showing all cash, securities, and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

SECTION 8. Compensation and Expenses of Trustee.

- (a) The Trustee's fees for the first twelve months have been paid by the Company. Thereafter, to the extent the Trustee's fees are not paid by the Company or the Executive, the fees shall be paid from the Trust.
- (b) All of the on-going administrative expenses shall be paid from the Trust.

SECTION 9. Amendment and Termination

- (a) The Agreement and the Trust hereunder may be amended any time and to any extent by written instrument executed by the Trustee, the Executive and the Company.
- (b) The Trust shall not terminate until the date on which the corpus of the Trust has been distributed to the Executive, or forfeited in accordance with Section 2(c), in which case any assets remaining in the Trust shall be paid to the Company.

SECTION 10. Miscellaneous

- (a) Any direction of the Trustee by the Company pursuant to any of the provisions of the Agreement shall be evidenced by a written notice or written direction to such effect over the signature of any officer or other representative of the Company who shall have been certified in writing to the Trustee by the Secretary of the Company, as having such authority and the Trustee shall be fully protected in acting in accordance with such written notices or written directions. Until written notice is given to the contrary, communications to the Trustee shall be sent to it as its office at The Northern Trust Company, Attn: Scott Borton/RM for UAL, 50 South LaSalle Street, Chicago, IL 60675.
- (b) The Agreement shall inure to the benefit of and be binding upon the Company, the Executive and the Trustee and their successors and assigns.
- (c) The Executive's interest and his beneficiary's interest in income or principal hereunder shall not be subject to anticipation, assignment, pledge, sale or transfer in any manner, nor shall the Executive nor the Executive's beneficiary have the power to anticipate, encumber or change such interest, nor shall such interest, while in the possession of the Trustee, be liable for or subject to the debts, contracts, obligations, liabilities or torts of the Executive or the Executive's spouse.
- (d) Wherever necessary or appropriate, the use herein of any gender shall be deemed to include the other gender and the use herein of either the singular or the plural shall be deemed to include the other.
- (e) Any provision of the Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without affecting the remaining portions hereof.
- (f) This trust is not intended to be an employee benefit plan within the intendment of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended.
- (g) The Agreement shall become effective, as of the day and year first above written, upon the execution of the Agreement by the Company, Trustee and Executive. It shall be governed and construed in all respect according to the law of the State of Illinois. Notwithstanding the application of Illinois law, the actual administration of the Trust may be conducted in such location, and the location of the Trust Fund assets may be changed, as the Trustee, in its sole discretion, may determine from time to time.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first above written.

Attest:

/s/ Mary Jo Georgen

Name: Mary Jo Georgen
Title: Assistant Corporate Secretary

UAL CORPORATION

By: /s/ Francesca M. Maher

Name: Francesca M. Maher
Title: Senior Vice President,
General Counsel and Secretary

Attest:

/s/ Helen M. Stirk

Name: Helen M. Stirk
Title: Senior Vice President and
Assistant Corporate Secretary

THE NORTHERN TRUST COMPANY, as Trustee

By: /s/ Scott G. Borton

Name: Scott G. Borton

Title: Vice President

/s/ Glenn F. Tilton

GLENN F. TILTON

EXHIBIT E

**GLENN F. TILTON
SECULAR TRUST AGREEMENT NO. 3**

This Agreement is made as of this 5th day of September, 2002, by and among UAL Corporation, a Delaware corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, an Illinois corporation, as trustee (the "Trustee").

RECITALS:

WHEREAS, this Trust Agreement is being entered into pursuant to the terms of the Employment Agreement dated September 5, 2002 (the "Employment Agreement"), attached hereto, for the purpose of establishing a trust (the "Trust") in accordance therewith; and

WHEREAS, the Trustee agrees to receive payment from the Company to be held pursuant to the terms of this Trust Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other valuable consideration, the Company, the Executive and the Trustee agree as follows:

SECTION 1. Establishment of Trust

- (a) The Company hereby pays to the Trustee \$1,500,000, which payment shall effect an irrevocable transfer and conveyance of all of the Company's legal title and ownership in and to such funds, and such funds shall become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. The property held by the Trustee hereunder shall constitute the trust fund ("Trust Fund").
- (b) The Trust Fund shall be held for the benefit of the Executive on the terms and conditions hereinafter set forth.
- (c) The Trust hereby established is irrevocable.
- (d) The Trust is intended to be taxed as a simple trust pursuant to the provisions of Section 651 of the Internal Revenue Code of 1986, as amended ("Code") and, as such, the Trust's income is required to be distributed currently to Executive at the times provided herein. The Trust's fiscal year is the calendar year.
- (e) Except for the limited and contingent right to receive payment of the Trust Fund as provided in Section 9(b) below, the Company shall have no legal or beneficial right or interest whatsoever in or to the Trust or the Trust Fund. Without limiting the generality of the foregoing, the Trust Fund and the principal and income of the Trust shall not constitute assets or property of the Company and shall not be subject to the claims of creditors of the Company in the event of the Company's insolvency or bankruptcy and in such event Company shall not assert that any portion of the Trust Fund constitutes assets of the debtor's estate.
- (f) This Trust shall terminate immediately upon distribution of the principal and earnings of Trust Fund to the Executive or, solely to the extent provided by Section 2(c), upon forfeiture.
- (g) In no event shall this Trust terminate later than 21 years after the death of the Executive and his current spouse.

SECTION 2. Payments to or on Behalf of Executive

- (a) The Trustee shall hold, manage, invest and reinvest the Trust Fund, collect the income therefrom and dispose of the income and principal of the Trust as provided in this Section 2.
- (b) Subject only to Section 2(c) below, Executive shall be fully vested with respect to his interest in the Trust Fund and shall have all rights, title and ownership thereof.
- (c) If, as provided in the Employment Agreement, Executive's employment is terminated by Executive other than for Good Reason and the effective date of such termination is on or before September 2, 2005, then Executive will forfeit 100% of his interest in the Trust Fund. Executive or the Company may provide written notice to the Trustee of the Executive's termination (with a copy to the other party) and stating therein whether such termination constitutes termination by the Executive for Good Reason. If the other party confirms the content of the notice, or fails to object to it within 30 days, distribution will be made in accordance with such notice and Section 2(d) below. In the event that the parties disagree with respect to the notice, the Trustee shall hold the Trust Fund and all subsequent earnings thereon until such time as the reason for termination has been resolved in accordance with the dispute resolution provisions of the Employment Agreement. In no event shall the Executive be deemed to have forfeited his interest in the Trust or the Trust Fund if his employment terminates as a result of a repudiation, rejection or similar breach of the Employment Agreement by the Company.

(d) In the event that the Trustee has not been provided written notice, as provided in Section 2(c) above, that there has occurred a forfeiture, or that there is a dispute with respect to a notice, the Trust Fund will be paid in full to Executive in a single lump-sum cash amount as of the first business day of January next following the earlier of September 2, 2005 or the Executive's termination of employment.

(e) If the Executive is deceased, then any amounts payable to the Executive pursuant to the Trust shall instead be paid to the Executive's beneficiary as provided for under the Employment Agreement.

(f) In the event the Executive must include in his gross income any or all of the value of his interest in the Trust (whether or not prior to the distribution of amounts from the Trust), then the Trustee, upon direction from the Company, shall withhold any federal, state and local taxes of whatever type that may be required to be withheld with respect to such inclusion of income, and shall distribute such amounts to the Company for its proper submission and reporting by the Company. Any amounts so included in the gross income of the Executive shall be treated as additional compensation from the Company on the earlier of September 2, 2005 or the Executive's termination equal to the value of the Trust principal as of such date. The computation of the amount to be withheld and submitted to the proper tax authorities shall be determined by the Company.

(g) All current earnings (within the meaning of Code section 651) arising from investment of the Trust Fund shall be distributed to the Executive prior to the last business day of January next following the date earned by the Trust. Such income shall be reported and taxed to the Executive under Code Section 652 as a trust distribution and not as additional compensation from the Company. The Trustee, or such other tax advisor as may be selected by the Executive, shall prepare the annual tax returns for the Trust and deliver such returns to the Trustee for review and submission to the proper tax authorities.

SECTION 3. Payments to Company

The Company shall have no beneficial interest in the principal or earnings hereunder, except as provided in Section 9(b).

SECTION 4. Investment Authority

(a) The Trustee shall have the authority to manage and control the Trust assets, upon written direction from the Executive and shall follow directions with respect to the investment of the Trust Fund from the Executive or any investment advisor(s), which may include affiliates of the Trustee. In the absence of such direction, the Trustee shall invest the corpus of the Trust Fund in short term securities of the United States Government. Pursuant to such authority and subject to the terms of the Agreement, with respect to any and all property at any time held by it hereunder, and whether constituting principal or income therefrom, the Trustee shall have the following powers, in addition to those conferred by law:

(1) To retain any such property as investment without regard to the proportion which such property or property of a similar character, so held, may bear to the entire amount of the Trust in which such property is held whether or not such property is of the class in which the Trustee is authorized by law or any rule of court to invest trust funds.

(2) To sell such property at either public or private sale for cash or on credit; to exchange such property; and to grant options for the purchase thereof.

(3) To invest and reinvest in property of any character, real or personal, foreign or domestic, including, but without limiting the generality of the foregoing, bonds, notes, securities, mortgages, common and preferred stocks, partnerships, shares or interests in investment trusts and participation in any common trust fund maintained by the Trustee, and open-end and closed-end investment companies and mutual funds, including (to the extent permitted by applicable law) companies or funds to which the Trustee acts as investment advisor and/or performs other services, regardless of the purposes for which any such company or fund was created, and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purpose.

(4) With respect to any investment of the Trust, to consent to and participate in any plan of reorganization, consolidation, merger, combination, or other similar plan, and to consent to any contract, lease, mortgage, purchase, sale or other action by any corporation pursuant to such plan.

(5) With respect to any investment of the Trust, to deposit any such property with any protective reorganization or similar committee, to delegate discretionary power thereto, to pay part of its expenses and compensation and any assessments levied with respect to such property.

(6) To exercise all conversion, subscription, voting and other rights of whatsoever nature pertaining to any such property and to grant proxies, discretionary or otherwise, in respect thereof.

(7) To make loans of securities held in the Trust to registered brokers and dealers upon such terms and conditions as are permitted by applicable law and regulations, and in each instance to permit the securities so let to be registered in the name of the borrower or a nominee of the borrower, provided that in each instance the loan is adequately secured and neither the borrower nor any affiliate of the borrower has discretionary authority or control with respect to the assets of the Trust involved in the transaction or renders investment advice with respect to those assets.

(8) To borrow money in such amounts and upon such terms, from itself individually or from others, for such purpose or purposes as it, in its discretion, may determine and in connection therewith to execute promissory notes, mortgages or other obligations and to pledge or mortgage any such property as security.

(9) To employ agents, experts and counsel, including legal and investment counsel, and to delegate discretionary powers to, and rely upon information and advice furnished by, such agents, experts and counsel and to pay reasonable fees to such agents, experts and counsel.

(10) To extend the time of payment of any obligation held by it and to compromise, settle or submit to arbitration upon such terms as to it may seem proper, or to release, any claim in favor of the Trust created hereunder.

- (11) From time to time to register any property in the name of its nominee or in its own name or to hold it unregistered or in such form that title shall pass by delivery and to place property in a custody or safekeeping account.
- (12) To receive additional property from any source and add it to, and mingle it with, the Trust hereunder.
- (13) To make any division or distribution in cash or in other property or undivided interests therein, or partly in cash and partly in other property or undivided interests therein.
- (14) To make executory contracts and to grant options for any purpose and upon any terms, and to make such contracts and options binding on the Trust and enforceable against any property included in the Trust estate.
- (15) To do all such acts, take all such proceedings and exercise all such rights and privileges, although not hereinbefore specifically mentioned, with relation to any such property, as if the absolute owner thereof, and in connection therewith to make, execute and deliver any instruments and to enter into any covenants or agreements binding the Trust hereunder.
- (16) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or by applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administration Regulations promulgated under the Code.

(b) In no event may Trustee invest in securities (including stock or rights to acquire stocks) or obligations issued by the Company, or any affiliate of the Company, other than a de minimus amount held in common investment vehicles in which the Trustee invests.

SECTION 5. Responsibility of Trustee

- (a) The Trustee shall prudently discharge its duties hereunder solely for the purposes set forth herein.
- (b) Persons dealing with the Trustee shall not be obligated to look to the application of any moneys or other property paid or delivered to the Trustee or to inquire into the authority of the Trustee as to any transaction. All powers granted to the Trustee shall continue until actual distribution of the property.
- (c) The Trustee shall incur no liability whatsoever by reason of any action taken or not taken pursuant to the provisions of this Agreement except for negligence, gross negligence or willful misconduct.
- (d) The Trustee may consult with legal counsel (who, with the consent of Executive, may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder. The Trustee may have agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

SECTION 6. Resignation and Removal of Trustee

- (a) If the Trustee shall resign or cease to act for any reason, the Company shall have the power to appoint a successor trustee. Under no circumstances shall the Company act as trustee hereunder.
- (b) The Trustee may resign at any time upon sixty (60) days' prior written notice to the Company. In the event a trustee, or a successor trustee resigns, it shall be relieved of all further liability hereunder other than to account for all property received while acting as trustee and, if applicable, to turn over such property to a successor trustee.
- (c) The Company, with the approval of the Executive, may remove the Trustee at any time upon sixty (60) days' prior written notice to the Trustee, and shall appoint a successor trustee. In the event a trustee is removed it shall be relieved of all further liability hereunder other than to account for all property received while acting as trustee and, if applicable, to turn over such property to a successor trustee.
- (d) The appointment of a successor trustee by the Company shall be subject to the written consent of the Executive.
- (e) No successor trustee shall be liable or responsible in any way for the acts or defaults of any predecessor trustee, nor for any loss or expense caused by anything done or neglected to be done by any predecessor trustee, but such successor trustee shall be liable only for its own acts and defaults with respect to the Trust funds actually received by it as trustee. Every successor trustee shall be vested with all the duties, rights, titles, and powers, whether discretionary or otherwise, of the original trustee. No Trustee or successor trustee shall be required to give any bond or other security for the faithful performance of its duties as such.

SECTION 7. Accounting by Trustee

Trustee shall keep accurate and detailed records of all investments, receipts, disbursements and all other transactions required to be made, including, without limitation, such specific records as shall be agreed upon in writing between the Executive and the Trustee. Within ninety (90) days after the close of each calendar year and within ninety (90) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Executive (with a copy to the Company) a written account of the administration of the Trust during such year or during the period from the close of such preceding year to the date of such removal or resignation setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchase or sales, and showing all cash, securities, and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

SECTION 8. Compensation and Expenses of Trustee.

- (a) The Trustee's fees for the first twelve months have been paid by the Company. Thereafter, to the extent the Trustee's fees are not paid by the Company or the Executive, the fees shall be paid from the Trust.

(b) All of the on-going administrative expenses shall be paid from the Trust.

SECTION 9. Amendment and Termination

(a) The Agreement and the Trust hereunder may be amended any time and to any extent by written instrument executed by the Trustee, the Executive and the Company.

(b) The Trust shall not terminate until the date on which the corpus of the Trust has been distributed to the Executive, or forfeited in accordance with Section 2(c), in which case any assets remaining in the Trust shall be paid to the Company.

SECTION 10. Miscellaneous

(a) Any direction of the Trustee by the Company pursuant to any of the provisions of the Agreement shall be evidenced by a written notice or written direction to such effect over the signature of any officer or other representative of the Company who shall have been certified in writing to the Trustee by the Secretary of the Company, as having such authority and the Trustee shall be fully protected in acting in accordance with such written notices or written directions. Until written notice is given to the contrary, communications to the Trustee shall be sent to it as its office at The Northern Trust Company, Attn: Scott Borton/RM for UAL, 50 South LaSalle Street, Chicago, IL 60675.

(b) The Agreement shall inure to the benefit of and be binding upon the Company, the Executive and the Trustee and their successors and assigns.

(c) The Executive's interest and his beneficiary's interest in income or principal hereunder shall not be subject to anticipation, assignment, pledge, sale or transfer in any manner, nor shall the Executive nor the Executive's beneficiary have the power to anticipate, encumber or change such interest, nor shall such interest, while in the possession of the Trustee, be liable for or subject to the debts, contracts, obligations, liabilities or torts of the Executive or the Executive's spouse.

(d) Wherever necessary or appropriate, the use herein of any gender shall be deemed to include the other gender and the use herein of either the singular or the plural shall be deemed to include the other.

(e) Any provision of the Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without affecting the remaining portions hereof.

(f) This trust is not intended to be an employee benefit plan within the intentment of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended.

(g) The Agreement shall become effective, as of the day and year first above written, upon the execution of the Agreement by the Company, Trustee and Executive. It shall be governed and construed in all respect according to the law of the State of Illinois. Notwithstanding the application of Illinois law, the actual administration of the Trust may be conducted in such location, and the location of the Trust Fund assets may be changed, as the Trustee, in its sole discretion, may determine from time to time.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date first above written.

Attest:

/s/ Mary Jo Georgen

Name: Mary Jo Georgen

Title: Assistant Corporate Secretary

UAL CORPORATION

By: /s/ Francesca M. Maher

Name: Francesca M. Maher

Title: Senior Vice President,
General Counsel and Secretary

Attest:

/s/ Helen M. Stirk

Name: Helen M. Stirk

Title: Senior Vice President and
Assistant Corporate Secretary

THE NORTHERN TRUST COMPANY, as Trustee

By: /s/ Scott G. Borton

Name: Scott G. Borton

Title: Vice President

/s/ Glenn F. Tilton

GLENN F. TILTON

AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of September 2, 2002 (the "Effective Date") between United Air Lines, Inc. ("UA") and UAL Corporation ("UAL", UA and UAL sometimes collectively referred to as "United") and Rono J. Dutta residing at 1044 Mohawk Road, Wilmette, Illinois 60091 (sometimes referred to as "Executive").

WHEREAS, Executive has served and is presently serving as an officer of UA (such position is hereinafter referred to as the "Executive Position"), and may hold various other positions and directorships with UA, UAL, or subsidiaries or affiliates thereof;

WHEREAS, Executive wishes to terminate his employment with United;

WHEREAS, United wishes to retain certain limited services of Executive, and Executive wishes to provide said services to United, in accordance with the terms and conditions set forth herein; and

WHEREAS, Executive has agreed in this Agreement to provide such services and to release United from certain liabilities, as set forth in this Agreement, arising out of Executive's ceasing to serve in the Executive Position;

NOW, THEREFORE, it is agreed by and between United and Executive as follows:

1. Relinquishment of Title; Continued Employment. Executive hereby ceases to serve in the Executive Position, effective as of the Effective Date. Thereafter, Executive will continue to be actively employed by United, but Executive will perform services for United by being "on call", including testifying on behalf of United and consulting with executives of United, and subject to such other assignments consistent with Executive's experience and reasonably acceptable to Executive as may be reasonably requested by either the person who is Executive's supervisor immediately prior to the Effective Date (the "Supervisor") or the Supervisor's successor, provided, however, that such "on call" services will be scheduled so as not to interfere unreasonably with Executive's business or personal affairs; and will not exceed five days in any calendar month or fifteen days in any calendar year. Except as otherwise provided in Paragraphs 2, 4 and 6, nothing in this Agreement shall restrict or limit Executive's right to be employed by others or to be self-employed during the Term (as defined in Paragraph 2 below) or deprive Executive of his right to benefits (as specified in Paragraph 3(C) below) during the Term.

2. Time Period of Employment; Retirement. A. United agrees to employ Executive and Executive agrees to be employed by United on the basis stated in Paragraph 1 from the Effective Date through the earlier of (i) 11:59 p.m. of August 31, 2006, or (ii) the termination of this Agreement and Executive's employment pursuant to Paragraph 4 hereof (such period, the "Term").

B. At the end of the Term, Executive shall be deemed to have retired as an active officer of UA for purposes of United's employee benefit plans, including, but not limited to, retiree medical plans and retiree travel policies (collectively, the "United Benefit Plans") in accordance with the terms of each United Benefit Plan. Notwithstanding the foregoing, if the Term ends pursuant to Paragraph 2(A)(ii) above, by virtue of the operation of Paragraph 4 below, Executive shall not be deemed to have retired at the end of the Term for purposes of the United Benefit Plans but, in the case of paragraph 4(i), Executive's beneficiaries will have the benefits accorded to the beneficiaries of an active officer who dies. The Term will not end in the event Executive becomes disabled such that he would qualify for long term disability benefits under the terms of any long-term disability plan or program of United whether or not he is covered by such plan or program. Notwithstanding any other provision hereof, Executive's qualification for retirement with respect to the Equity Plans and the Other Grants (each as defined in Paragraph 3(C)(vi) hereof) shall be determined pursuant to the provisions of Paragraph 3(C)(vi) hereof.

3. Compensation and Benefits. A. Salary. United will pay Executive the following salary payments:

(i) Executive's monthly salary as in effective on the Effective Date for the month of September 2002.

(ii) From October 1, 2002 through the end of the Term, United will pay Executive a monthly salary in the amount of \$2,000.00. Such payments will be made on the same schedule as salary payments are made to actively employed officers of United from time to time, currently the 15th and last day of each month. During the Term, Executive will not be entitled to any increase nor subject to any decrease in such salary payments. Any amounts will be prorated for any partial month.

(iii) United shall also pay Executive a lump sum payment of \$1,600,000.00 upon the expiration of the revocation period set out in paragraph 9(B)(iv).

All payments made pursuant to this Paragraph 3 will be subject to withholding for taxes and other purposes as required by applicable law. The lump sum payment made pursuant to (iii) of this Paragraph 3 shall not be considered to be Earnings for purposes of any employee benefit plan sponsored by United.

B. Incentive Compensation. If a Performance Incentive Plan (or any successor Plan) award is granted for 2002 performance or thereafter, Executive will not be eligible for any award.

C. Benefits. Notwithstanding what may be provided to other active employees of United from time to time or whether Executive may have been covered by a benefit plan prior to the Effective Date, the only benefits that Executive shall be entitled to during the Term are as follows:

(i) Free and Reduced Rate Transportation. United shall provide to Executive and his eligibles free and reduced rate transportation of the type granted to actively employed officers in accordance with company regulations as revised from time to time (the "Transportation Benefits").

(ii) United Air Lines, Inc. Management and Salaried Employees' Retirement Plan. Executive shall continue to participate in (A) the Retirement Plan and (B) the United Air Lines, Inc. Supplemental Retirement Plan (hereinafter collectively the "Retirement Plans") in accordance with their terms, pursuant to which Executive will be credited with Years (and Months) of Participation (and Service) (as such terms are defined in the Retirement Plan) for the period of the Term.

(iii) Management Medical/Dental. Executive and his eligible dependents shall continue to be covered by the Management Medical/Dental Plan in the same manner as other active management employees. In the event active management employees are required to pay a portion of the premium or cost for coverage under the Medical/Dental Plan, Executive shall be entitled to such coverage provided he makes all required payments in a timely manner as determined by the Plan Administrator of the Management Medical/Dental Plan.

(iv) Group Life Insurance. Executive shall continue to be covered by Group Life Insurance including Contributory Life Insurance (if so covered), on the same basis as other active management employees, provided the appropriate payroll deductions are authorized and in accordance with the terms of the policies.

(v) Officer's Accidental Death and Dismemberment Insurance/Split Dollar Life Insurance. Executive's Officer's Accidental Death and Dismemberment coverage will continue until the end of the Term. If Executive is covered by the Officer's Split Dollar Life Insurance as of the Effective Date, Executive will continue to be covered by such insurance until the end of the Term or, if sooner, until UA cancels such coverage for active officers. The terms of Executive's coverage and option for continuation of the Officer's Split Dollar Life Insurance after the end of the Term or upon cancellation will be explained in a separate letter upon the end of the Term or upon cancellation.

(vi) (a) Stock. Executive shall forfeit all vested and unvested stock options granted under UAL's equity incentive plans (the "Equity Plans") prior to the Effective Date. Executive shall retain any restricted stock granted to him pursuant to the Equity Plans.

(b) Executive will not be eligible for any grants made under the Equity Plans after the Effective Date.

(vii) Other Benefits. Executive will continue to be eligible to participate in the stock purchase plan, 401(k) plan, Flexible Spending Account and Employee Stock Ownership Plan, and be eligible for payroll savings bonds on the same basis as other active employees. Executive will also be eligible to utilize the Credit Union subject to its rules.

(viii) Vacation and Holidays. Executive shall be paid for eight (8) weeks of accrued vacation upon the expiration of the revocation period set out in paragraph 9(B)(iv). No vacation or holiday time will be accrued or taken after the Effective Date.

(ix) Outplacement Benefits. For a period of 12 months following the end of the Term, Executive will be provided with outplacement assistance appropriate to the Executive Position held by the Executive prior to the Effective Date.

(x) Automobile. UA will transfer title to the automobile provided to Executive by UA immediately prior to the Effective Date.

(xi) Directors and Officers Liability Insurance. During the Term United shall cause Executive to be covered by directors and officers liability insurance to the same extent as active directors and officers of United are covered by such insurance.

(xii) Executive Assistant. For a period commencing on the Effective Date through December 31, 2002, United will continue to employ Rudi Meskele as Executive's assistant as she is presently employed, provide her with suitable working space and equipment, and authorize her to provide services to Executive as Executive's assistant through December 31, 2002.

D. Each of the benefits enumerated in Paragraph 3(C) is subject to the practices, rules, and regulations of United, as in effect from time to time.

E. (i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by Executive hereunder, when taken together with any payment or benefits received or to be received pursuant to the terms of any other plan, arrangement or agreement with United, or any affiliate thereof (all such payments and benefits being hereinafter called "Total Payments") would be subject (in whole or part), to any excise tax (the "Excise Tax") imposed under section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then, the payments under Paragraph 3(A) shall first be reduced and individual benefits under Paragraph 3(C) shall thereafter be eliminated, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments); provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraphs 3(A).

(ii) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive

and selected by the accounting firm (the "Auditor") which was, immediately prior to the Effective Date, United's independent auditor, does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

F. Air Transportation Safety and System Stabilization Act.

(i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Executive hereunder, when taken together with any payment or benefits received or to be received pursuant to the terms of any other plan, arrangement, or agreement with United, or any affiliate thereof which is, in the opinion of counsel selected by United ("Counsel"), included in "Total Compensation" as defined by Section 104(b) of the Air Transportation Safety and System Stabilization Act (the "Act") would, in the opinion of Counsel, exceed the limitation under Section 104(a) of the Act, then the payments under Paragraph 3(A) included in Total Compensation shall first be reduced and individual benefits under Paragraph 3(C) included in Total Compensation shall thereafter be eliminated, provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraph 3(A).

(ii) Paragraph 3(F)(i) will not apply if (a) United does not apply for Federal credit instrument under the Act by the deadline stipulated in the Act or any amendment thereto or (b) if United does apply for a Federal credit instrument under the Act by the deadline but such Federal credit instrument is not actually issued to United for any reason other than because the Executive's Total Compensation exceeds the limitation under Section 104(a) of the Act.

4. Termination of Employment Under Agreement. Executive's employment under this Agreement shall terminate and Executive will no longer have the status of an active employee of United and will no longer be entitled to any of the benefits of this Agreement (including the entitlement to the benefits described in Paragraph 3(C), other than those required by law or otherwise vested), on the happening of the earliest of the following events:

(i) Executive's death;

(ii) Any material breach by Executive of Paragraph 6 or 9 hereof or the failure by Executive to provide notice to United pursuant to Paragraph 6(C) hereof;

(iii) Executive's termination for Cause (as defined below).

For purposes hereof, "Cause" shall mean (a) the willful and continued failure by Executive to substantially perform Executive's duties with United (other than any such failure resulting from Executive's incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to Executive by the Board of Directors of UAL (the "Board"), which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties, (b) the willful engaging by Executive in conduct, including any conduct that is a violation of Executive's duties set forth under Paragraph 7 or 8 hereof, which is demonstrably and materially injurious to United or its subsidiaries, monetarily or otherwise, or (c) Executive's conviction for the commission of a felony. For purposes of clauses (a) and (b) of this definition, no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of United.

5. Regulations. During his employment, Executive will be governed by applicable United regulations, as in effect from time to time, to the extent that such regulations are consistent with Executive's status as an on-call employee.

6. Confidentiality.

A. For purposes of this Agreement "Confidential Information" shall mean and include, but not be limited to, the kinds of services provided or proposed to be provided by United to customers, the manner in which such services are performed or offered to be performed, information concerning United's fleet plan, cost structure, strategic plan, labor strategy, information concerning the creation, acquisition or disposition of products and services, personnel information, and other trade secrets and confidential or proprietary information concerning United's business, but shall not include information which (I) is or becomes generally available to the public other than as a result of a disclosure by Executive, (II) was available to Executive on a non-confidential basis prior to its disclosure by UAL or UA, or (III) becomes available to Executive on a non-confidential basis from a person other than UAL, UA or their officers, directors, employees or agents who is not otherwise bound by any confidentiality obligations with respect to the information provided to Executive (the "Confidential Information").

B. (i) Executive acknowledges that: (a) United's business is intensely competitive and that Executive's employment by United has required and during the Term may continue to require that Executive have access to and knowledge of Confidential Information of United, (b) the direct or indirect disclosure of any Confidential Information would place United at a disadvantage and would do damage, monetary or otherwise, to United's business, and (c) the engaging by Executive in any of the activities prohibited by this Paragraph 6 may constitute improper appropriation or use of such Confidential Information. Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectible business interest of United.

(ii) Whether directly or indirectly, individually, as a director, stockholder, owner, partner, employee, principal, or agent of any business, or in any other capacity, during the Term of this Agreement and for the three (3) year period thereafter, Executive shall not make known, disclose, furnish, make available or utilize any of the Confidential Information, other than in the proper performance of the duties contemplated under this Agreement. Executive shall return any tangible Confidential Information, including photocopies, extracts and summaries thereof, or any such information stored electronically on tapes, computer disks, or in any other manner that Executive has in his possession (a) on the Effective Date of this Agreement, (b) at the end of the Term, and (c) at such time as United requests Executive to do so.

(iii) Executive acknowledges and agrees that due to the confidential and proprietary nature of the Confidential Information he or she possesses, a breach or threatened breach by him or her of any of the provisions contained in this Paragraph 6 will cause United irreparable injury. Therefore, in addition to any other rights or remedies, Executive agrees that United shall be entitled to a temporary, preliminary, and permanent injunction enjoining or restraining Executive from any such violation or threatened violation, without the necessity of proving the inadequacy of monetary damages or the posting of any bond or security. Executive consents to jurisdiction for such enforcement in any state or federal court in the State of Illinois.

(iv) Executive further acknowledges and agrees that due to the uniqueness of his services and confidential nature of the Confidential Information he possesses, the covenants set forth herein are reasonable and necessary for the protection of the business and goodwill of United.

Executive understands that it is United's intent to have this promise of confidentiality enforced to its fullest extent. Accordingly, Executive and United agree that, if any portion of this promise of confidentiality is unenforceable, the court should still construe and enforce this promise of confidentiality to the fullest extent permitted by law.

C. Executive agrees not to take a Competitive Position (as defined below) for a Competitor (as defined below) for the period commencing on the Effective Date and ending on September 2, 2003. For purposes of this Agreement, (1) "Competitor" means any airline or air carrier or any company affiliated directly or indirectly with another airline or air carrier provided each case such entity is a direct and material competitor of the Company, and (2) "Competitive Position" means becoming employed by, a member of the board of directors of, a consultant to, or to otherwise provide services of any nature to a Competitor directly or indirectly. If on or before September 3, 2003, Executive desires to provide services whether as a consultant, employee or otherwise to a Competitor or possible Competitor Executive shall notify United in writing by registered mail addressed to the General Counsel of United at its principal World Headquarters offices. Within ten days United shall either (x) determine that such entity is not a Competitor, or (y) determine that such entity is a Competitor, and if the entity is a Competitor, United will reasonably consider such request and will not unreasonably withhold, delay, or condition its consent to Executive's providing services to such entity; and in either case give prompt written notice of such decision to Executive.

D. Executive agrees to keep the terms of and circumstances surrounding this Agreement and of his working arrangement, as defined herein, confidential except that the source and amount of his income may be revealed as necessary for tax, loan purposes and the like and except as set forth in the mutually agreed announcement by United and Executive, and except that Executive may advise any prospective or future employer of the provisions this Paragraph 6.

7. Non-Disparagement. A. Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (a) accuses or implies that United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to Executive's employment (or the termination thereof), the business or operations of United, or otherwise; or (b) disparages, impugns or in any way reflects adversely upon the business or reputation of United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns.

B. United agrees not to authorize any statement, observation or opinion (whether oral or written, direct or indirect) that is materially injurious to Executive and that (a) accuses or implies that Executive engaged in any wrongful, unlawful or improper conduct relating to Executive's employment with United or (b) disparages, impugns or in any way reflects adversely upon the reputation of Executive.

C. Nothing herein shall be deemed to preclude Executive or United from providing truthful testimony or information pursuant to subpoena, court order or similar legal process.

8. Non-Solicitation of Employees: Executive agrees that Executive will not, for a period of two years following the Effective Date, directly or indirectly, for the benefit of any Competitor (as defined in Paragraph 6(C) hereof) of United, solicit the employment or services of, hire, or assist in the hiring of any person eligible for the Performance Incentive Plan or any successor Plan.

9. Assent and Release. A. In consideration for the payments and benefits provided in this Agreement, Executive hereby voluntarily, knowingly, willingly, irrevocably, and unconditionally releases UA and UAL together with their respective parents, subsidiaries and affiliates, and each of their respective officers, directors, employees, representatives, attorneys and agents, and each of their respective predecessors, successors and assigns (collectively, the "Releasees") from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, causes of action, rights, costs, losses, debts, and expenses of any nature whatsoever, known or unknown, which against them Executive or his successors or assigns ever had, now have or hereafter can, shall or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, fact or cause whatsoever arising from the beginning of time to the date of this Agreement, including without limitation all claims arising under Title VII of the Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 ("ADEA"), the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, each as amended; and all other federal, state or local laws, rules, regulations, judicial decisions or public policies now or hereafter recognized, including but not limited to the California Fair Employment and Housing Act, the Colorado anti-discrimination laws, the Illinois Human Rights Act, the New Jersey Law Against Discrimination and the New York City and State Human Rights Law, each as amended. This release by Executive of the Releasees also includes, without limitation, all claims arising under each employee pension, employee welfare, and executive compensation plan of United now in effect or hereafter adopted, except for any benefits to be provided to Executive under this Agreement or in the normal course of Executive's employment through the Effective Date. It is agreed that this paragraph shall survive termination of the Agreement. Nothing in this Paragraph 9 shall affect or impair any right that Executive has (1) to indemnification pursuant to United's bylaws or any other agreement with United or applicable law, (2) to any vested benefit under United's employee benefit plans, or (3) under this Agreement.

B. Executive expressly acknowledges and agrees that, by entering into this Agreement, Executive is waiving any and all rights or claims that he may have arising under the ADEA, as amended, which have arisen on or before the date of execution of this Agreement. Executive further expressly acknowledges and agrees that:

(i) In return for this Agreement, Executive will receive compensation beyond that which he was already entitled to receive before entering into this Agreement;

(ii) Executive has been advised by United to consult with an attorney before signing this Agreement;

(iii) Executive was given a copy of this Agreement on September 5, 2002. Executive has been informed that Executive has not less than twenty-one (21) days from September 5, 2002 within which to consider the Agreement and, if Executive considers this Agreement for fewer than twenty-one (21) days, then Executive agrees that he has had a reasonable period of time to consider the Agreement; and

(iv) Executive was informed that Executive had seven (7) days following the date of execution of the Agreement in which to revoke the Agreement. After seven (7) days this Agreement will become effective, enforceable and irrevocable unless written revocation is received by the undersigned from Executive on or before the close of business on the seventh (7th) day after Executive executed this Agreement. If Executive revokes this Agreement it shall not be effective or enforceable and Executive will not receive the compensation or benefits described in this Agreement.

C. Waiver of Unknown Claims: It is the intention of Executive and United in executing this Agreement that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, Executive hereby expressly waives any and all rights and benefits conferred upon Executive by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to Executive, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Executive acknowledges that Executive may hereafter discover claims or facts in addition to or different from those which Executive now knows or believes to exist with respect to the subject matter of this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected this settlement.

10. Non-Assignability; Assignment in the Event of Acquisition or Merger. This Agreement and the benefits hereunder are not assignable or transferable by Executive; the rights and obligations of United under this Agreement will automatically be deemed to be assigned by United to any corporation or entity into which United may be merged or consolidate.

11. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by the laws of, the State of Illinois, without regard to principles of conflict of laws.

12. Paragraph Reference. Any reference to paragraphs or subparagraphs shall be references to paragraphs or subparagraphs of this Agreement unless expressly stated otherwise.

13. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect the other provisions or applications of this Agreement which can be given effect without the invalid provisions or application in accordance with the essential intent and purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable. Moreover, if any one or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law and with the essential intent and purpose of this Agreement.

14. Supersedes Prior Agreement(s). This Agreement supersedes and voids any prior oral or written agreement relating in any way to Executive's employment with UA or UAL which may have been entered into between the parties hereto. Any change to this Agreement after the Effective Date must be in writing and must be executed by UA, UAL and Executive.

15. No Mitigation. United agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by United pursuant to this Agreement. Furthermore, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to United, or otherwise.

16. Legal Fees; Arbitration. United shall pay Executive's reasonable legal fees and expenses up to a maximum of \$20,000.000 incurred in connection with the review and preparation of this Agreement. United shall pay to Executive all reasonable legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder or under the or in seeking in good faith to obtain or enforce any benefit or right provided hereunder. Payments requested by Executive pursuant to this Paragraph 16 shall be made, without exception, within five (5) business days after delivery of Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as United reasonably may require. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Chicago, Illinois, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. Executive consents to arbitration in Chicago, Illinois, as set forth above, agrees that judgment may be entered in the courts of the State of Illinois on any such arbitration award, consents to the jurisdiction of the courts of Illinois, both state and federal, for the enforcement of any such arbitration award and agrees not to disturb such choice of forum. Notwithstanding the above, Executive further agrees that United may seek temporary, preliminary or permanent injunctive relief to enforce the provisions contained in Paragraph 6, without first proceeding to arbitration.

United and Executive, having read and understood this Agreement and, having consulted with others as appropriate, hereby agree to be bound by its terms.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of September 2, 2002, at the World Headquarters of United Air Lines, Inc., 1200 East Algonquin Road, Elk Grove Twp., Illinois 60007.

UAL CORPORATION AND
UNITED AIR LINES, INC.

EXECUTIVE

By: /s/ Glenn F. Tilton
Name: Glenn F. Tilton
Title: Chairman and Chief
Executive Officer

/s/ Rono J. Dutta
Rono J. Dutta

AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of September 2, 2002 (the "Effective Date") between United Air Lines, Inc. ("UA") and UAL Corporation ("UAL", UA and UAL sometimes collectively referred to as "United") and Andrew P. Studdert residing at 2844 Blackhawk Road, Wilmette, Illinois 60091 (sometimes referred to as "Executive").

WHEREAS, Executive has served and is presently serving as an officer of UA (such position is hereinafter referred to as the "Executive Position"), and may hold various other positions and directorships with UA, UAL, or subsidiaries or affiliates thereof;

WHEREAS, United and Executive desire to fully settle and resolve any and all issues and disputes arising out of Executive's employment with United and the termination of his full time employment as an executive officer by United;

WHEREAS, United wishes to retain certain limited services of Executive, and Executive wishes to provide said services to United, in accordance with the terms and conditions set forth herein; and

WHEREAS, Executive has agreed in this Agreement to provide such services and to release United from certain liabilities, as set forth in this Agreement, arising out of Executive's ceasing to serve in the Executive Position;

NOW, THEREFORE, it is agreed by and between United and Executive as follows:

1. Relinquishment of Title; Continued Employment. Executive hereby ceases to serve in the Executive Position, effective as of the Effective Date. Thereafter, Executive will continue to be actively employed by United, but Executive will perform services for United by being "on call", including testifying on behalf of United, and subject to such other assignments consistent with Executive's experience and reasonably acceptable to Executive as may be reasonably requested by either the person who is Executive's supervisor immediately prior to the Effective Date (the "Supervisor") or the Supervisor's successor; provided that such requests shall not unreasonably interfere with any employment or business pursuits, including consulting, that Executive may be engaged in from time to time.

2. Time Period of Employment; Retirement. A. United agrees to employ Executive and Executive agrees to be employed by United on the basis stated in Paragraph 1 from the Effective Date through the earlier of (i) 11:59 p.m. of September 2, 2007, or (ii) the termination of this Agreement and Executive's employment pursuant to Paragraph 4 hereof (such period, the "Term").

B. Notwithstanding the foregoing, if the Term ends pursuant to Paragraph 2(A)(ii) above, by virtue of the operation of Paragraph 4(a)(i), Executive's beneficiaries will have the benefits accorded to the beneficiaries of an active officer who dies.

3. Compensation and Benefits. A. Salary. United will pay Executive the following salary payments:

(i) Executive's monthly salary as in effective on the Effective Date for the month of September 2002.

(ii) From October 1, 2002 through the end of the Term, United will pay Executive a monthly salary in the amount of \$1,000.00. Such payments will be made on the same schedule as salary payments are made to actively employed officers of United from time to time, currently the 15th and last day of each month. During the Term, Executive will not be entitled to any increase nor subject to any decrease in such salary payments. Any amounts will be prorated for any partial month.

(iii) United shall also pay Executive a lump sum payment of \$1,452,000.00 upon the expiration of the revocation period set out in paragraph 9(B)(iv).

All payments made pursuant to this paragraph 3 will be subject to withholding for taxes and other purposes as required by applicable law. The lump sum payment made pursuant to (iii) of this paragraph 3 shall not be considered to be Earnings for purposes of any employee benefit plan sponsored by United.

B. Incentive Compensation. If a Performance Incentive Plan (or any successor Plan) award is granted for 2002 performance or thereafter, Executive will not be eligible for any award.

C. Benefits. Notwithstanding what may be provided to other active employees of United from time to time or whether Executive may have been covered by a benefit plan prior to the Effective Date, the only benefits that Executive shall be entitled to during the Term are as follows:

(i) Free and Reduced Rate Transportation. United shall provide to Executive and his eligibles free and reduced rate transportation of the type granted to actively employed officers in accordance with company regulations and officer travel policies as revised from time to time.

(ii) United Air Lines, Inc. Management, Administrative and Public Contact Defined Benefit Pension Plan. Executive shall continue to participate in (A) the Pension Plan and (B) the United Air Lines, Inc. Supplemental Retirement Plan in accordance with their terms (hereinafter collectively the "Retirement Plans") provided that in the event participation in the Pension Plan is frozen during the Term, Executive shall be credited with participation under the Supplemental Plan for the period participation is frozen but not beyond the end of the Term.

(iii) Management Medical/Dental. Executive and his eligible dependents shall continue to be covered by the Management Medical/Dental Plan in the same manner as other active management employees. In the event active management employees are required to pay a portion of the premium or cost for coverage under the Medical/Dental Plan, Executive shall be entitled to such coverage provided he makes all required payments in a timely manner as determined by the Plan Administrator of the Management Medical/Dental Plan.

(iv) Group Life Insurance. Executive shall continue to be covered by Group Life Insurance including Contributory Life Insurance (if so covered) based on his annual salary amount immediately prior to the Effective Date, on the same basis as other active management employees, provided the appropriate payroll deductions are authorized and in accordance with the terms of the policies. The insurance company shall bill the Executive directly for the premiums for the Contributory Life Insurance coverage commencing October 1, 2002.

(v) Officer's Accidental Death and Dismemberment Insurance/Split Dollar Life Insurance. Executive's Officer's Accidental Death and Dismemberment coverage will continue until the end of the Term. If Executive is covered by the Officer's Split Dollar Life Insurance as of the Effective Date, Executive will continue to be covered by such insurance until the end of the Term or, if sooner, until UA cancels such coverage for active officers. The terms of Executive's coverage and option for continuation of the Officer's Split Dollar Life Insurance after the end of the Term or upon cancellation will be explained in a separate letter upon the end of the Term or upon cancellation.

(vi) (a) Stock. Executive shall forfeit all vested and unvested stock options granted under UAL's equity incentive plans (the "Equity Plans") prior to the Effective Date. Executive shall retain any restricted stock granted to him pursuant to the Equity Plans.

(b) Executive will not be eligible for any grants made under the Equity Plans, or any successor plans, after the Effective Date.

(vii) Other Benefits. Executive will continue to be eligible to participate in the employee stock purchase plan, 401(k) plan, Flexible Spending Account, officer financial services and Employee Stock Ownership Plan, and will be eligible for payroll savings bonds on the same basis as other active employees. Executive will also be eligible to utilize the Credit Union subject to its rules.

(viii) Vacation and Holidays. Executive shall be paid for eight (8) weeks of accrued vacation upon the expiration of the revocation period set out in paragraph 9(B)(iv). No vacation or holiday time will be accrued or taken after the Effective Date.

(ix) Outplacement Benefits. For a period of 12 months commencing on the Effective Date, Executive will be provided with outplacement assistance appropriate to the Executive Position held by the Executive prior to the Effective Date.

(x) Automobile. UA will transfer title to the Cadillac automobile provided to Executive by UA immediately prior to the Effective Date.

(xi) Laptop Computer and Cellular Telephone. UA will transfer to Executive title to the laptop computer and cellular telephone provided to Executive by UA immediately prior to the Effective Date and Executive shall retain his cellular telephone number but shall be responsible for all charges incurred after the Effective Date; provided, further, if requested by UA, Executive will promptly after such request deliver the laptop computer to UA so that UA can delete any Confidential Information (as defined in paragraph 6(A) below) that may be stored in such computer.

D. Each of the benefits enumerated in Paragraph 3(C) is subject to the practices, rules, and regulations of United, as in effect from time to time.

E. (i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by Executive hereunder, when taken together with any payment or benefits received or to be received pursuant to the terms of any other plan, arrangement or agreement with United, or any affiliate thereof (all such payments and benefits being hereinafter called "Total Payments") would be subject (in whole or part), to any excise tax (the "Excise Tax") imposed under section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then, the payments under Paragraph 3(A) shall first be reduced and individual benefits under Paragraph 3(C) shall thereafter be eliminated, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments); provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraphs 3(A).

(ii) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to the Effective Date, United's independent auditor, does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

F. Air Transportation Safety and System Stabilization Act.

(i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Executive hereunder, when taken together with any payment or benefits received or to be received pursuant to the terms of any other plan, arrangement, or agreement with United, or any affiliate thereof which is, in the opinion of counsel selected by United ("Counsel"), included in "Total Compensation" as defined by Section 104(b) of the Air Transportation Safety and System Stabilization Act (the "Act") would, in the opinion of Counsel, exceed the limitation under Section 104(a) of the Act, then the payments under Paragraph 3(A) included in Total Compensation shall first be reduced and individual benefits under Paragraph 3(C) included in Total Compensation shall thereafter be eliminated, provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraph 3(A).

(ii) Paragraph 3(F)(i) will not apply if (a) United does not apply for Federal credit instrument under the Act by the deadline stipulated in

the Act or any amendment thereto or (b) if United does apply for a Federal credit instrument under the Act by the deadline but such Federal credit instrument is not actually issued to United for any reason other than because the Executive's Total Compensation exceeds the limitation under Section 104(a) of the Act.

4. Termination of Employment Under Agreement.

A. Non-Election of Executive. Executive's employment under this Agreement shall terminate and Executive will no longer have the status of an active employee of United and will no longer be entitled to any of the benefits of this Agreement (including the entitlement to the payment and benefits described in Paragraph 3(C), other than those required by law or otherwise vested), on the happening of the earliest of the following events:

- (i) Executive's death;
- (ii) Any material breach by Executive of Paragraph 6 or 9 hereof or the failure by Executive to provide notice to United pursuant to Paragraph 4(B)(ii) hereof;
- (iii) Executive's termination for Cause (as defined below).

For purposes hereof, "Cause" shall mean (a) the willful and continued failure by Executive to substantially perform Executive's duties with United (other than any such failure resulting from Executive's incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to Executive by the Board of Directors of UAL (the "Board"), which demand specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties, and Executive shall not have substantially performed within a reasonable time after receipt of such notice, (b) the willful engaging by Executive in conduct, including any conduct that is a violation of Executive's duties set forth under Paragraph 7 or 8 hereof, which is demonstrably and materially injurious to United or its subsidiaries, monetarily or otherwise or (c) Executive's conviction for the commission of a felony. For purposes of clauses (a) and (b) of this definition, no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of United.

B. Election of Executive. (i) During the Term, if Executive elects to terminate his employment for any reason, Executive will receive, in lieu of any further payments under Paragraphs 3(A)(ii) above (such payments, the "Monthly Payments"), a one time lump sum payment (subject to withholding for taxes and other purposes as required by applicable laws) in an amount equal to the sum of the remaining Monthly Payments payable under this Agreement, and will no longer be entitled to any benefits under Paragraph 3(C) (other than benefits required by law or otherwise vested). Before Executive's election to terminate under this paragraph can become effective, Executive must have provided United seven (7) days' written notice of his election by registered mail addressed to the General Counsel of United at its principal World Headquarters offices. Executive's termination of employment will be as of the seventh (7th) day after receipt by United of such notice, at which time he or she will no longer have the status of an active employee of United (including the entitlement to benefits described in Paragraph 3(C), other than benefits required by law or otherwise vested). In the event Executive makes an election to terminate his employment under this Paragraph 4(B)(i), Executive agrees not to take a Competitive Position (as defined below) for a Competitor (as defined below) for the period commencing on the Effective Date and ending on September 3, 2003.

(ii) Notwithstanding the foregoing provisions of this Paragraph 4(B), during the Term, if Executive elects to terminate his employment by taking a Competitive Position (as defined below) with a Competitor (as defined below):

- (a) Upon agreeing to such employment he must immediately so notify United in writing by registered mail addressed to the General Counsel of United at its principal World Headquarters offices;
- (b) will be deemed to have elected to terminate his employment under this Agreement (including the entitlement to benefits described in Paragraph 3(C)) effective as of the day Executive becomes employed by such Competitor; and
- (c) will be entitled to no further compensation after such effective date.

For purposes of this Agreement, (1) "Competitor" means any airline or air carrier or any company affiliated, directly or indirectly, with another airline or air carrier and (2) "Competitive Position" means becoming employed by, a member of the board of directors of, a consultant to, or to otherwise provide services of any nature to a Competitor directly or indirectly. If during the Term, Executive desires to provide services whether as a consultant, employee or otherwise to a Competitor and requests that United consent to such provision of such services, United will reasonably consider such request and will not unreasonably withhold, delay or condition its consent. In the event United consents to Executive's providing such services, there will not be a termination of the Executive's employment under the Agreement pursuant to this Paragraph 4(B)(ii). In the event United does not consent to the Executive's providing such services pursuant to this Paragraph 4(B)(ii), Executive may terminate the Agreement pursuant to Paragraph 4(B)(i) and may accept such Competitive Position.

C. Survival. Notwithstanding any termination of Executive's employment under this Agreement, Executive shall continue to be bound by (1) the provisions of Paragraphs 6 through 16 hereof, and (2) the provisions of Paragraph 4(B)(ii)(a) hereof.

5. Regulations. During his employment, Executive will be governed by applicable United regulations, as in effect from time to time, to the extent that such regulations are consistent with Executive's status as an on-call employee.

6. Confidentiality.

A. For purposes of this Agreement "Confidential Information" shall mean and include, but not be limited to, the kinds of services provided or proposed to be provided by United to customers, the manner in which such services are performed or offered to be performed, information concerning United's fleet plan, cost structure, strategic plan, labor strategy, information concerning the creation, acquisition or disposition of products and services, personnel information, and other trade secrets and confidential or proprietary information concerning United's business, but shall not include information which (I) is or becomes generally available to the public other than as a result of a disclosure by Executive, (II) was available to Executive on a non-confidential basis prior to its disclosure by UAL or UA, or (III) becomes available to Executive on a non-confidential basis from a person other than UAL, UA or their officers, directors, employees or agents who is not otherwise bound by any confidentiality obligations with respect to the information provided to Executive (the "Confidential Information").

B. (i) Executive acknowledges that: (a) United's business is intensely competitive and that Executive's employment by United has required and during the Term may continue to require that Executive have access to and knowledge of Confidential Information of United, (b) the direct or indirect disclosure of any Confidential Information would place United at a disadvantage and would do damage, monetary or otherwise, to United's business, and (c) the engaging by Executive in any of the activities prohibited by this Paragraph 6 may constitute improper appropriation or use of such Confidential Information. Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectible business interest of United.

(ii) Whether directly or indirectly, individually, as a director, stockholder, owner, partner, employee, principal, or agent of any business, or in any other capacity, during the Term of this Agreement and for the three (3) year period thereafter, Executive shall not make known, disclose, furnish, make available or utilize any of the Confidential Information, other than in the proper performance of the duties contemplated under this Agreement. Executive shall return any tangible Confidential Information, including photocopies, extracts and summaries thereof, or any such information stored electronically on tapes, computer disks, or in any other manner that Executive has in his possession (a) on the Effective Date of this Agreement, (b) at the end of the Term, and (c) at such time as United requests Executive to do so.

(iii) Executive acknowledges and agrees that due to the confidential and proprietary nature of the Confidential Information he or she possesses, a breach or threatened breach by him or her of any of the provisions contained in this Paragraph 6 will cause United irreparable injury. Therefore, in addition to any other rights or remedies, Executive agrees that United shall be entitled to a temporary, preliminary, and permanent injunction enjoining or restraining Executive from any such violation or threatened violation, without the necessity of proving the inadequacy of monetary damages or the posting of any bond or security. Executive consents to jurisdiction for such enforcement in any state or federal court in the State of Illinois.

(iv) Executive further acknowledges and agrees that due to the uniqueness of his services and confidential nature of the Confidential Information he or she possesses, the covenants set forth herein are reasonable and necessary for the protection of the business and goodwill of United.

Executive understands that it is United's intent to have this promise of confidentiality enforced to its fullest extent. Accordingly, Executive and United agree that, if any portion of this promise of confidentiality is unenforceable, the court should still construe and enforce this promise of confidentiality to the fullest extent permitted by law.

C. Executive agrees to keep the terms of and circumstances surrounding this Agreement and of his working arrangement, as defined herein, confidential except that the source and amount of his income may be revealed as necessary for tax, loan purposes and the like.

7. Non-Disparagement. A. Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (a) accuses or implies that United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to Executive's employment (or the termination thereof), the business or operations of United, or otherwise; or (b) disparages, impugns or in any way reflects adversely upon the business or reputation of United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns.

B. United agrees not to willfully authorize any statement, observation or opinion (whether oral or written, direct or indirect) that is materially injurious to Executive and that (a) accuses or implies that Executive engaged in any wrongful, unlawful or improper conduct relating to Executive's employment with United or (b) disparages, impugns or in any way reflects adversely upon the reputation of Executive.

C. Nothing herein shall be deemed to preclude Executive or United from providing truthful testimony or information pursuant to subpoena, court order or similar legal process.

8. Non-Solicitation of Employees: Executive agrees that Executive will not, for a period of two years following the Effective Date, directly or indirectly, for the benefit of any Competitor (as defined in Paragraph 4(B) hereof) of United, solicit the employment or services of, hire, or assist in the hiring of any person eligible for the Incentive Compensation Plan or any successor Plan.

9. Assent and Release. A. In consideration for the payments and benefits provided in this Agreement, Executive hereby voluntarily, knowingly, willingly, irrevocably, and unconditionally releases UA and UAL together with their respective parents, subsidiaries and affiliates, and each of their respective officers, directors, employees, representatives, attorneys and agents, and each of their respective predecessors, successors and assigns (collectively, the "Releasees") from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, causes of action, rights, costs, losses, debts, and expenses of any nature whatsoever, known or unknown, which against them Executive or his successors or assigns ever had, now have or hereafter can, shall or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, fact or cause whatsoever arising from the beginning of time to the date of this Agreement, including without limitation all claims arising under Title VII of the Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 ("ADEA"), the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, each as amended; and all other federal, state or local laws, rules, regulations, judicial decisions or public policies now or hereafter recognized, including but not limited to the California Fair Employment and Housing Act, the Colorado anti-discrimination laws, the Illinois Human Rights Act, the New Jersey Law Against Discrimination and the New York City and State Human Rights Law, each as amended. This release by Executive of the Releasees also includes, without limitation, all claims arising under each employee pension, employee welfare, and executive compensation plan of United now in effect or hereafter adopted, except for any benefits to be provided to Executive under this Agreement or in the normal course of Executive's employment through the Effective Date. It is agreed that this paragraph shall survive termination of the Agreement. Nothing in this Paragraph 9 shall affect or impair any right that Executive has to either (1) indemnification pursuant to United's bylaws or applicable law or (2) any vested benefit under United's employee benefit plans.

B. Executive expressly acknowledges and agrees that, by entering into this Agreement, Executive is waiving any and all rights or claims that he may have arising under the ADEA, as amended, which have arisen on or before the date of execution of this Agreement. Executive further expressly acknowledges and agrees that:

(i) In return for this Agreement, Executive will receive compensation beyond that which he was already entitled to receive before entering into this Agreement;

(ii) Executive has been advised by United to consult with an attorney before signing this Agreement;

(iii) Executive was given a copy of this Agreement on or before September 5, 2002. Executive has been informed that Executive has not less than twenty-one (21) days from September 5, 2002 within which to consider the Agreement and, if Executive considers this Agreement for fewer than 21 days, then Executive agrees that he has had a reasonable period of time to consider the Agreement; and

(iv) Executive was informed that Executive had seven (7) days following the date of execution of the Agreement in which to revoke the Agreement. After seven (7) days this Agreement will become effective, enforceable and irrevocable unless written revocation is received by the undersigned from Executive on or before the close of business on the seventh (7th) day after Executive executed this Agreement. If Executive revokes this Agreement it shall not be effective or enforceable and Executive will not receive the compensation or benefits described in this Agreement.

C. Waiver of Unknown Claims: It is the intention of Executive and United in executing this Agreement that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, Executive hereby expressly waives any and all rights and benefits conferred upon Executive by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to Executive, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Executive acknowledges that Executive may hereafter discover claims or facts in addition to or different from those which Executive now knows or believes to exist with respect to the subject matter of this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected this settlement.

10. Non-Assignability; Assignment in the Event of Acquisition or Merger. This Agreement and the benefits hereunder are not assignable or transferable by Executive; the rights and obligations of United under this Agreement will automatically be deemed to be assigned by United to any corporation or entity into which United may be merged or consolidate.

11. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by the laws of, the State of Illinois, without regard to principles of conflict of laws.

12. Paragraph Reference. Any reference to paragraphs or subparagraphs shall be references to paragraphs or subparagraphs of this Agreement unless expressly stated otherwise.

13. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect the other provisions or applications of this Agreement which can be given effect without the invalid provisions or application in accordance with the essential intent and purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable. Moreover, if any one or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law and with the essential intent and purpose of this Agreement.

14. Supersedes Prior Agreement(s). This Agreement supersedes and voids any prior oral or written agreement relating in any way to Executive's employment with UA or UAL which may have been entered into between the parties hereto. Any change to this Agreement after the Effective Date must be in writing and must be executed by UA, UAL and Executive.

15. No Mitigation. United agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by United pursuant to this Agreement. Furthermore, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to United, or otherwise.

16. Legal Fees; Arbitration. United shall pay to Executive reasonable legal fees incurred by Executive in preparation of this Agreement. United shall also pay all reasonable legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder or under the or in seeking in good faith to obtain or enforce any benefit or right provided hereunder. Payments requested by Executive pursuant to this Paragraph 16 shall be made, without exception, within five (5) business days after delivery of Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as United reasonably may require. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Chicago, Illinois, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. Executive consents to arbitration in Chicago, Illinois, as set forth above, agrees that judgment may be entered in the courts of the State of Illinois on any such arbitration award, consents to the jurisdiction of the courts of Illinois, both state and federal, for the enforcement of any such arbitration award and agrees not to disturb such choice of forum. Notwithstanding the above, Executive further agrees that United may seek temporary, preliminary or permanent injunctive relief to enforce the provisions contained in Paragraph 6, without first proceeding to arbitration.

17. Representations by United. United hereby represents and warrants to Executive that; (a) the execution, delivery and performance of this Agreement by United have been duly authorized by all necessary actions by United, (b) this Agreement has been duly executed and delivered by United to Executive, and (c) this Agreement constitutes the valid and legally binding obligation of United and is enforceable against United in accordance with its terms.

United and Executive, having read and understood this Agreement and, having consulted with others as appropriate, hereby agree to be bound by its terms.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of September 2, 2002, at the World Headquarters of United Air Lines, Inc., 1200 East Algonquin Road, Elk Grove Twp., Illinois 60007.

UAL CORPORATION AND
UNITED AIR LINES, INC.

EXECUTIVE

By: /s/ Glenn F. Tilton

Name: Glenn F. Tilton

Title: Chairman and Chief
Executive Officer

/s/ Andrew P. Studdert

Andrew P. Studdert

UAL Corporation and Subsidiary Companies
Computation of Ratio of Earnings to Fixed Charges

	<u>Nine Months Ended</u> <u>September 30</u>	
	<u>2002</u>	<u>2001</u>
	(In Millions)	
Earnings (loss):		
Loss before income taxes, extraordinary item and cumulative effect of accounting change	\$ (2,061)	\$ (2,874)
Fixed charges, from below	588	659
Undistributed losses of affiliates	8	25
Interest capitalized	<u>(22)</u>	<u>(63)</u>
 Earnings (loss)	 \$ (1,487)	 \$ (2,253)
	<u>=====</u>	<u>=====</u>
 Fixed charges:		
Interest expense	\$ 445	\$ 383
Portion of rental expense representative of the interest factor	<u>143</u>	<u>276</u>
 Fixed charges	 \$ 588	 \$ 659
	<u>=====</u>	<u>=====</u>
 Ratio of earnings to fixed charges	 (a)	 (a)
	<u>=====</u>	<u>=====</u>

(a) Earnings were inadequate to cover fixed charges by \$2.1 billion in 2002 and \$2.9 billion in 2001.

UAL Corporation and Subsidiary Companies
Computation of Ratio of Earnings to Fixed Charges
and Preferred Stock Dividend Requirements

	<u>Nine Months Ended</u> <u>September 30</u>	
	<u>2002</u>	<u>2001</u>
	(In Millions)	
Earnings (loss):		
Loss before income taxes, extraordinary item and cumulative effect of accounting change	\$ (2,061)	\$ (2,874)
Fixed charges, from below	597	670
Undistributed losses of affiliates	8	25
Interest capitalized	<u>(22)</u>	<u>(63)</u>
 Earnings (loss)	 \$ (1,478)	 \$ (2,242)
	 =====	 =====
 Fixed charges:		
 Interest expense	 \$ 445	 \$ 383
Preferred stock dividend requirements	9	11
Portion of rental expense representative of the interest factor	<u>143</u>	<u>276</u>
 Fixed charges	 \$ 597	 \$ 670
	 =====	 =====
 Ratio of earnings to fixed charges	 (a)	 (a)
	 =====	 =====

(a) Earnings were inadequate to cover fixed charges and preferred stock dividend requirements by \$2.1 billion in 2002 and \$2.9 billion in 2001.