

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 March 31, 1999

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 36-2675207

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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 X No

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

Class	Outstanding at April 30, 1999
-----	-----
Common Stock (\$0.01 par value)	51,950,145

UAL Corporation and Subsidiary Companies Report on Form 10-Q

For the Quarter Ended March 31, 1999

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

Assets	March 31, 1999 (Unaudited)	December 31, 1998
-----	-----	-----
Current assets:		
Cash and cash equivalents	\$ 256	\$ 390
Short-term investments	383	425
Receivables, net	1,134	1,138
Inventories, net	294	384
Deferred income taxes	255	256
Prepaid expenses and other	311	315
	-----	-----
	2,633	2,908
	-----	-----
Operating property and equipment:		
Owned	16,447	16,125
Accumulated depreciation and amortization	(5,095)	(5,174)
	-----	-----
	11,352	10,951
	-----	-----
Capital leases	2,972	2,702
Accumulated amortization	(575)	(599)
	-----	-----
	2,397	2,103
	-----	-----
	13,749	13,054
	-----	-----
Other assets:		
Investments in affiliates	328	304
Intangibles, net	672	676
Aircraft lease deposits	544	545
Prepaid rent	627	631
Other	518	441
	-----	-----
	2,689	2,597
	-----	-----
	\$ 19,071	\$ 18,559
	=====	=====

See accompanying notes to consolidated financial statements.

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

Liabilities and Stockholders' Equity	March 31, 1999 (Unaudited)	December 31, 1998
Current liabilities:		
Short-term borrowings	\$ 50	\$ 184
Current portions of long-term debt and capital lease obligations	408	274
Advance ticket sales	1,627	1,429
Accounts payable	1,018	1,151
Other	2,649	2,630
	5,752	5,668
Long-term debt	2,741	2,858
Long-term obligations under capital leases	2,368	2,113
Other liabilities and deferred credits:		
Deferred pension liability	160	89
Postretirement benefit liability	1,465	1,424
Deferred gains	1,161	1,180
Other	1,095	1,123
	3,881	3,816
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	100	100
Equity put options	-	32
Preferred stock committed to Supplemental ESOP	762	691
Stockholders' equity:		
Preferred stock	-	-
Common stock at par	1	1
Additional capital invested	3,677	3,517
Retained earnings	1,075	1,028
Unearned ESOP preferred stock	(101)	(121)
Accumulated other comprehensive income	(3)	(2)
Treasury stock	(1,181)	(1,140)
Other	(1)	(2)
	3,467	3,281
Commitments and contingent liabilities (See note)		
	\$19,071	\$18,559
	=====	=====

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 March 31

1999 1998

Operating revenues:		
Passenger	\$ 3,680	\$ 3,565
Cargo	208	215
Other	272	275
	-----	-----
	4,160	4,055
	-----	-----
Operating expenses:		
Salaries and related costs	1,409	1,309
ESOP compensation expense	182	258
Aircraft fuel	395	441
Commissions	283	317
Purchased services	379	337
Aircraft rent	219	233
Landing fees and other rent	223	203
Depreciation and amortization	211	191
Aircraft maintenance	178	156
Other	535	487
	-----	-----
	4,014	3,932
	-----	-----
Earnings from operations	146	123
	-----	-----
Other income (expense):		
Interest expense	(92)	(80)
Interest capitalized	19	26
Interest income	11	16
Equity in earnings of affiliates	24	22
Miscellaneous, net	15	(11)
	-----	-----
	(23)	(27)
	-----	-----
Earnings before income taxes and distributions on preferred securities	123	96
Provision for income taxes	44	34
	-----	-----
Earnings before distributions on preferred securities	79	62
Distributions on preferred securities, net of tax	(1)	(1)
	-----	-----
Net earnings	\$ 78	\$ 61
	=====	=====
Per share, basic	\$ 0.91	\$ 0.60
	=====	=====
Per share, diluted	\$ 0.44	\$ 0.34
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31	
	1999	1998
	-----	-----
Cash and cash equivalents at beginning of period	\$ 390	\$ 295
	-----	-----
Cash flows from operating activities	712	826
	-----	-----
Cash flows from investing activities:		
Additions to property and equipment	(658)	(893)
Proceeds on disposition of property and equipment	113	4
Decrease in short-term investments	42	48
Other, net	(4)	(7)
	-----	-----
	(507)	(848)
	-----	-----

Cash flows from financing activities:		
Proceeds from issuance of long-term debt	286	704
Repayment of long-term debt	(271)	(78)
Principal payments under capital lease obligations	(113)	(90)
Purchase of equipment debt certificates under Company leases	(47)	(683)
Repurchase of common stock	(42)	-
Increase (decrease) in short-term borrowings	(134)	119
Aircraft lease deposits	(30)	(31)
Other, net	12	2
	-----	-----
	(339)	(57)
	-----	-----
Decrease in cash and cash equivalents	(134)	(79)
	-----	-----
Cash and cash equivalents at end of period	\$ 256	\$ 216
	=====	=====

Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 55	\$ 43
Income taxes	\$ 25	\$ 8

Non-cash transactions:		
Capital lease obligations incurred	\$ 407	\$ 161

See accompanying notes to consolidated financial statements.

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

The Company

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

Interim Financial Statements

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 only normal recurring adjustments) necessary for a fair presentation of the results of operations for the three month periods have been made. 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 1998.

Employee Stock Ownership Plans

Pursuant to amended labor agreements which provide for wage and benefit reductions and work-rule changes which commenced July 1994, UAL has agreed to issue convertible preferred stock to employees. Note 2 of the Notes to Consolidated Financial Statements in the 1998 Annual Report on Form 10-K contains additional discussion of the agreements, stock to be issued to employees and the related accounting treatment. Shares earned in 1998 were allocated in March 1999 as follows: 123,841 shares of Class 2 ESOP Preferred Stock were contributed to the Non-Leveraged ESOP and an additional 615,757 shares were allocated in "book entry" form under the Supplemental Plan. Also, 2,334,370 shares of Class 1 ESOP Preferred Stock were allocated under the Leveraged ESOP. Finally, an additional 768,493 shares of Class 1 and Class 2 ESOP Preferred Stock have been committed to be released by the Company since January 1, 1999.

Income Taxes

The provisions for income taxes are based on the estimated annual effective tax rate, which differs from the federal statutory rate of 35% principally due to state income taxes, dividends on ESOP Preferred Stock and certain nondeductible items.

Per Share Amounts

Basic earnings per share were computed by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding during the year. In addition, diluted earnings per share amounts include potential common shares including ESOP shares committed to be released.

Earnings Attributable to Common Stockholders (Millions)	Three Months Ended March 31	
	1999	1998
Net Income	\$ 78	\$ 61
Preferred stock dividends and other	(31)	(26)
Earnings attributable to common stockholders (Basic and Diluted)	\$ 47	\$ 35
Shares (Millions)		
Weighted average shares outstanding (Basic)	51.3	57.3
Convertible ESOP preferred stock	54.1	43.1
Other	1.3	1.9
Weighted average number of shares (Diluted)	106.7	102.3
Earnings Per Share		
Basic	\$ 0.91	\$ 0.60
Diluted	\$ 0.44	\$ 0.34

Segment Information

United has a global route network designed to transport passengers and cargo between destinations in North America, the Pacific, Latin America and Europe. These regions constitute United's four reportable segments.

A reconciliation of the total amounts reported by reportable segments to the applicable amounts in the financial statements follows:

(In Millions)	Three Months Ended March 31, 1999						Consolidated Total
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	
Revenue	\$2,887	\$ 648	\$ 206	\$ 409	\$4,150	\$ 10	\$4,160
Fully distributed earnings before income taxes	\$ 265	\$ 1	\$ 16	\$ 16	\$ 298	\$ 7	\$ 305

(In Millions)	Three Months Ended March 31, 1998						Consolidated Total
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	
Revenue	\$2,729	\$ 715	\$ 224	\$ 376	\$4,044	\$ 12	\$4,055
Fully distributed earnings before income taxes	\$ 292	\$ (1)	\$ 31	\$ 25	\$ 347	\$ 7	\$ 354

(In Millions)	Three Months Ended	
	March 31	
	1999	1998
Total fully distributed earnings		
for reportable segments	\$ 298	\$ 347
UAL subsidiary earnings	7	7
Less: ESOP compensation expense	182	258
Total earnings before income taxes		
and distributions on preferred securities	\$ 123	\$ 96

Investments in Affiliates

United owns 33,440,000 common shares, approximately 32 percent, of Galileo International ("Galileo") through a wholly owned subsidiary. Galileo is one of the world's leading providers of electronic global distribution services for the travel industry. United intends to sell approximately 17,500,000 common shares of Galileo in a secondary offering that Galileo has filed with the Securities and Exchange Commission. United's ability to sell the shares is subject to various conditions including the underwriters' ability to reduce the number of shares to be sold in certain circumstances. This potential sale would reduce United's holdings in Galileo to 15 percent, requiring United to discontinue the equity method of accounting for its investment in Galileo. Equity earnings in Galileo were \$23 million and \$20 million for the three-month periods ended March 31, 1999 and 1998, respectively.

United owns approximately 2.2 million depository certificates in Equant, a provider of international data network services to multinational businesses and a single source for global desktop communications. Each depository certificate represents a beneficial interest in an Equant common share. These depository certificates are currently subject to certain transferability restrictions and are carried at their original cost, which is nominal. At March 31, 1999, the fair value of United's investment in Equant is approximately \$165 million. Certain of United's depository certificates are subject to a final reallocation, however, United does not believe that the number of depository certificates that it owns will significantly change after the final reallocation.

Internet Travel Network (ITN) is a leading provider of internet-based travel planning products tailored to individual, corporate, travel supplier and travel agency customers. United has a minority interest in ITN consisting of convertible preferred stock, warrants and options. United's convertible preferred stock can be converted into an approximate 25% interest in ITN common stock. This ownership level can increase to 30% if all options and warrants are exercised.

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 March 31, 1999, commitments for the purchase of property and equipment, principally aircraft, approximated \$7.0 billion, after deducting advance payments. An estimated \$2.8 billion will be spent during the remainder of 1999, \$1.9 billion in 2000, \$1.9 billion in 2001 and \$0.4 billion in 2002 and thereafter. The major commitments are for the purchase of B777, B747, B767, B757, A320 and A319 aircraft, which are scheduled to be delivered through 2002.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

UAL's total of cash and cash equivalents and short-term investments was \$639 million at March 31, 1999, compared to \$815 million at December 31, 1998. Cash flows from operating activities amounted to \$712 million. Financing activities included principal payments under debt and capital lease obligations of \$271 million and \$113 million, respectively, and \$30 million in aircraft lease deposits. Additionally, the Company issued \$286 million in long-term debt during the period to finance the acquisition of aircraft.

Property additions, including aircraft and aircraft spare parts, amounted to \$658 million. Property dispositions resulted in proceeds of \$113 million. In the first quarter of 1999, United took delivery of one A320, six A319, two B777, two B757, three B747 and one B767 aircraft. Five of the aircraft were purchased and ten were acquired under capital leases. In addition, United acquired two B727 aircraft off-lease during the first quarter and retired four DC10-10 and three B747 aircraft.

United has certain non-core investments in publicly traded companies with market values substantially in excess of their carrying values. It is United's policy to monetize its non-core investments. In furtherance of this strategy, United announced its intention to sell up to 17.5 million shares of common stock in Galileo in a secondary offering by Galileo. The potential proceeds from this sale will be used to achieve United's financial goals which include investing in its core business, improving its creditworthiness and returning cash to shareholders.

At March 31, 1999, commitments for the purchase of property and equipment, principally aircraft, approximated \$7.0 billion, after deducting advance payments. Of this amount, an estimated \$2.8 billion is expected to be spent during the remainder of 1999. For further details, see "Contingencies and Commitments" in the Notes to Consolidated Financial Statements.

RESULTS OF OPERATIONS

Summary of Results

UAL's earnings from operations were \$146 million in the first quarter of 1999, compared to operating earnings of \$123 million in the first quarter of 1998. UAL had net earnings in the 1999 first quarter of \$78 million (\$0.44 per share, diluted), compared to net earnings of \$61 million in the same period of 1998 (\$0.34 per share, diluted).

Management believes that a more complete understanding of UAL's results may be gained by viewing them on a pro forma, "Fully Distributed" basis. This approach considers all ESOP shares which will ultimately be distributed to employees throughout the ESOP (rather than just the shares committed to be released) to be immediately outstanding and thus Fully Distributed. Consistent with this method, the ESOP compensation expense is excluded from Fully Distributed net earnings and ESOP convertible preferred stock dividends are not deducted from earnings attributable to common stockholders. A comparison of results reported on a Fully Distributed basis to results reported under generally accepted accounting principles (GAAP) is as follows:

March 31, 1999		March 31, 1998	
GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed

Net Income	\$ 78	\$ 187	\$ 61	\$ 218
Per Share	\$0.44	\$1.54	\$0.34	\$1.68

The current relationship of earnings and earnings per share as computed on a GAAP basis versus a Fully Distributed basis may not be representative of the relationship in future periods because of various factors. These factors include, but are not limited to, the dependence of ESOP compensation expense on the common stock price; trends and commitments with respect to wages; and the convergence of shares assumed outstanding under the GAAP basis as compared to the Fully Distributed basis.

Specific factors affecting UAL's consolidated operations for the first quarter of 1999 are described below.

First Quarter 1999 Compared with First Quarter 1998.

Operating revenues increased \$105 million (3%) and United's revenue per available seat mile (unit revenue) decreased 0.1% to 9.82 cents. Passenger revenues increased \$115 million (3%) due to a 5% increase in United's revenue passenger miles partially offset by a 2% decrease in yield to 12.54 cents. Available seat miles across the system were up 2% over the first quarter of 1998, resulting in a passenger load factor increase of 1.7 points to 68.9%. 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	5%	6%	-%
Pacific	(10%)	(3%)	(7%)
Atlantic	17%	17%	(6%)
Latin America	(1%)	(1%)	(7%)

The pilot action at American Airlines resulted in additional revenues of \$45 million for the quarter. Domestic unit revenues increased 2% from last year as load factor was 1.2 points higher and yield was flat. Atlantic unit revenues were down 5% from last year, with yields being down 6% from last year due to excess industry capacity that impacted the pricing in the market. Pacific unit revenues were relatively flat year over year.

Cargo revenues decreased \$7 million (3%). A 1% lower freight yield and a 5% lower mail yield resulted in a decrease in cargo yield of 3%.

Operating expenses increased \$82 million (2%) and United's cost per available seat mile decreased slightly, from 9.52 cents to 9.49 cents, including ESOP compensation expense. Without the ESOP compensation expense, United's cost per available seat mile would have been 9.06 cents, an increase of 2% from the 1998 first quarter. ESOP compensation expense decreased \$76 million (29%), reflecting the decrease in the estimated average fair value of ESOP stock committed to be released to employees as a result of UAL's lower common stock price. Aircraft maintenance increased \$22 million (14%) due primarily to an increase in purchased maintenance as a result of increased heavy maintenance visits. Purchased services increased \$42 million (12%) due principally to increased computer reservations fees and Y2K expenses. Depreciation and amortization increased \$20 million (10%) due to an increase in the number of owned aircraft and aircraft under capital lease. Salaries and related costs increased \$100 million (8%) due to mid-term wage adjustments which took place in July 1998 and to increased staffing in certain customer contact positions. Aircraft fuel decreased \$46 million (10%) due to a 12% decrease in the cost of fuel from 61.7 cents to 54.4 cents a gallon. Commissions decreased \$34 million (11%) due to a change in the commission structure implemented in the third quarter of 1998 as well as a slight decrease in commissionable revenues. Aircraft rent decreased

\$14 million (6%) due to the aircraft refinancing completed in the first quarter of 1998.

Other non-operating expense amounted to \$23 million in the first quarter of 1999 compared to \$27 million in the first quarter of 1998. Interest expense increased \$12 million (15%) due to the issuance of long-term debt. Miscellaneous, net includes \$14 million in gains on written yen call options and \$7 million of other foreign exchange gains in 1999 compared to \$4 million of other foreign exchange losses in 1998.

LABOR AGREEMENTS

On April 23, 1999, United announced a tentative agreement with the International Association of Machinists and Aerospace Workers ("IAM") for a contract for 19,000 public contact employees (primarily customer service and reservations sales and service representatives). The agreement is subject to ratification by the affected employees. Management does not anticipate that this agreement will have a material impact on the unit cost guidance provided in the "Outlook for 1999" section.*

UPDATE ON YEAR 2000 READINESS

Readers should refer to "Update on Year 2000 Readiness" in Management's Discussion and Analysis of Financial Condition and Results of Operations in the 1998 Annual Report on Form 10-K for background information.

United continues to make steady progress in its Year 2000 remediation program. As discussed below, remediation, testing and system integration testing of all major systems will be substantially complete by June 30, 1999.

IT systems. The Company has substantially completed the remediation and initial system testing of mainframe hardware and software and other hardware infrastructure including voice and data networks. In addition, substantially all internally developed IT software applications have been remediated and tested.

System integration testing for the mission critical IT systems is on schedule to be completed by June 30, 1999, while for all other systems, integration testing will be substantially complete by June 30, 1999.

Non IT systems. The remediation and testing phase of date-sensitive, critical non-IT systems is proceeding on schedule and will be substantially complete by June 30, 1999.

Critical Business Partners. The Company has contacted substantially all of its Critical Business Partners. For those partners not having a Year 2000 program in place with a planned completion date of June 30, 1999, the Company may look for alternate suppliers.

The results of the study undertaken by the Air Transport Association ("ATA") to determine the process domestic airports are using to achieve Year 2000 readiness, shows that most large domestic airports have made substantial progress towards being Year 2000 ready. A similar project undertaken by the International Air Transport Association ("IATA") shows that although most international airports have made progress during the past few months, certain key airports are behind schedule.

The Company's aircraft manufacturers have concluded that there are no safety of flight issues related to the Year 2000 date rollover as to their aircraft.

Concurrent with ensuring that all the systems will be remediated and tested for the Year 2000 date rollover, the Company is developing contingency plans for all the systems that are critical to its operations. These contingency plans are expected to be completed by June 30, 1999. These contingency plans, together with the airline readiness reviews planned during the second quarter of 1999, are designed to reduce the likelihood that the Company's operations will be interrupted by Year 2000 related issues.

The Company anticipates that project costs will range

between \$85 and \$90 million, with 35% being capitalized. To date the Company has incurred \$41 million in project costs (\$31 million in expense and \$10 million in capital). During the 1999 first quarter the Company incurred \$13 million in project costs (\$8 million in expense and \$5 million in capital).

Readers are cautioned that the "Update on Year 2000 Readiness" section contains forward-looking information. Please see "Outlook for 1999" for a list of some of the factors that could cause actual results to differ materially from expected results.*

OUTLOOK FOR 1999

The Company anticipates continued strong performance in 1999 largely based on expected strong U.S. economic activity. In addition, there are some modest improvements in United's Pacific revenue and profit performance. These factors are expected to outweigh the anticipated negative impact on Atlantic unit revenues associated with industry capacity growth in the region.

The Company expects its 1999 system capacity to grow 3%, which is less than the forecasted industry capacity growth rate. Unit revenues are estimated to range between 1% and 2% higher than 1998.

1999 unit costs excluding ESOP charge are estimated to range between 2% and 2.5% higher than 1998, based on an average fuel price of approximately 60 cents per gallon including taxes. Among the factors affecting costs will be the cap in international commissions instituted last year and the level of spending on Year 2000 (see "Update on Year 2000 Readiness").

The following guidance pertaining to fully distributed earnings per share is consistent with the corresponding guidance set forth in UAL's 1998 Annual Report on Form 10-K. The Company forecasts 1999 earnings to range between \$10.00 and \$12.00 per fully distributed share, with its internal goal being to earn \$11.00 per fully distributed share. The forecasted range of fully distributed earnings per share excludes any impact of UAL's intention to sell up to 17.5 million shares of Galileo. The Company's earnings per share performance will be helped by the reduction in share count stemming from the \$500 million common stock repurchase program completed earlier this year.

The Company anticipates that the fundamental revenue trends underlying United's first-quarter performance will continue into the second quarter. The rate of unit cost increases is expected to moderate in the second quarter.

Based on these assumptions, the Company expects second-quarter earnings per share to fall in the range of last year's record second-quarter earnings per share, on a fully distributed basis.

Management's Discussion and Analysis of Financial Condition and Results of Operations contains sections with forward-looking statements which are identified with an asterisk(*). Information included in those sections and the "Outlook for 1999" paragraphs is forward-looking and actual results could differ materially from expected results. Factors that could significantly impact expected capacity, international revenues and profits, unit revenues, fully distributed unit costs, fuel prices and fully distributed earnings per share include: industry capacity decisions, the airline pricing environment, fuel prices, the success of the Company's cost-control efforts, the impact of the new labor agreement with the IAM, actions of the U.S., foreign and local governments, willingness of customers to travel, the Asian economic environment and travel patterns, foreign currency exchange rate fluctuations, UAL common stock price fluctuations, the economic environment of the airline industry and the general economic environment. Some factors that could significantly impact the Company's expected Year 2000 readiness and the estimated cost thereof include: the results of the technical assessment, remediation and testing of date-sensitive systems and equipment and the ability of critical business partners, including domestic and international airport authorities, aircraft manufacturers and the Federal Aviation Administration, to achieve Year 2000 readiness.

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 1998. Significant changes which have occurred since year-end are as follows:

Foreign Currency Risk -

(In millions, except average contract rate)	Notional Amount	Average Contract Rate	Estimated Fair Value
Forward exchange contracts			
Japanese Yen - Purchased forwards	\$ 190	105.87	\$ (8)
- Sold forwards	\$ 13	118.28	\$ -
Hong Kong Dollar - Sold forwards	\$ 85	7.87	\$ (1)
French Franc - Purchased forwards	\$ 50	5.05	\$ -
Currency options			
Japanese Yen - Call options	\$ 227	127.88	\$ (24)
- Put options	\$ 226	128.80	\$ 3

Price Risk (Aircraft fuel) -

(In millions, except average contract rate)	Notional Amount	Average Contract Rate	Estimated Fair Value
Purchased call contracts - Crude oil	\$ 298	\$15.39/bbl	\$ 32
Sold put contracts - Crude oil	\$ 23	\$14.64/bbl	\$ -

PART II. OTHER INFORMATION

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 which immediately precedes such exhibits.

(b) Form 8-K dated January 21, 1999 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 March 25, 1999 to report the election of James E. Goodwin as Chairman and Chief Executive Officer of UAL Corporation.

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/ Douglas A. Hacker

 Douglas A. Hacker

Dated: May 6, 1999

Exhibit Index

Exhibit No.	Description
10.1	Supplemental Agreement No. 8 dated as of February 10, 1999 to the Agreement dated December 18, 1990 between Boeing and United for acquisition of Boeing 777-200 aircraft (as previously amended and supplemented, the "777-200 Purchase Agreement" (filed as Exhibit 10.7 to UAL's Form 10-K for the year ended December 31, 1990, and incorporated herein by reference; supplements thereto filed as (i) Exhibits 10.1, 10.2 and 10.22 to UAL's Form 10-Q for the quarter ended June 30, 1993, (ii) Exhibit 10.2 to UAL's Form 10-K for the year ended December 31, 1993, (iii) Exhibit 10.14 to UAL's Form 10-Q for the quarter ended June 30, 1994, (iv) Exhibits 10.27 and 10.28 to UAL's Form 10-K for the year ended December 31, 1994, (v) Exhibits 10.2 and 10.3 to UAL's Form 10-Q for the quarter ended March 31, 1995, (vi) Exhibits 10.4, through 10.6 to UAL's Form 10-Q for the quarter ended June 30, 1995, and (vii) Exhibits 10.37 through 10.40 to UAL's Form 10-K for the year ended December 31, 1995, (viii) Exhibits 10.9 through 10.12 and 10.17 through 10.19 to UAL's Form 10-Q for the quarter ended June 30, 1996, and (ix) Exhibits 10.38 through 10.42 to UAL's Form 10-K for the year ended December 31, 1998 and incorporated herein by reference)). (Exhibit 10.1 hereto is filed with a request for confidential treatment of certain portions thereof.)
10.2	Supplemental Agreement No. 13 dated as of February 10, 1999 to the Agreement dated December 18, 1990 between Boeing and United for acquisition of 747-400 aircraft (as previously amended and supplemented, the "747-400 Purchase Agreement" (filed as Exhibit 10.8 to UAL's Form 10-K for the year ended December 31, 1990, and incorporated herein by reference; supplements thereto filed as (i) Exhibits 10.4 and 10.5 to UAL's Form 10-K for the year ended December 31, 1991, (ii) Exhibits 10.3 through 10.6 and Exhibit 10.22 to UAL's Form 10-Q for the quarter ended June 30, 1993, (iii) Exhibit 10.3 to UAL's Form 10-K for the year ended December 31, 1993, (iv) Exhibit 10.14 to UAL's Form 10-Q for the quarter ended June 30, 1994, (v) Exhibits 10.29 and 10.30 to UAL's Form 10-K for the year ended December 31, 1994, (vi) Exhibits 10.17 through 10.22 to UAL's Form 10-Q for the quarter ended March 31, 1995, (vii) Exhibits 10.7 and 10.8 to UAL's Form 10-Q for the quarter ended June 30, 1995, (viii) Exhibit 10.41 to UAL's Form 10-K for the year ended December 31, 1995, (ix) Exhibits 10.4 through 10.8 and Exhibit 10.17 to UAL's Form 10-Q for the quarter ended June 30, 1996, (x) Exhibits 10.1 through 10.3 to UAL's Form 10-Q for the quarter ended March 31, 1997, and (xi) Exhibits 10.47 and 10.48 to UAL's Form 10-K for the year ended December 31, 1998 and incorporated herein by reference)). (Exhibit 10.2 hereto is filed with a request for confidential treatment of certain portions thereof.)
12	Computation of Ratio of Earnings to Fixed Charges.
12.1	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements.
27	Financial Data Schedule.

[*CONFIDENTIAL
MATERIAL OMITTED AND
FILED SEPARATELY WITH
THE SECURITIES AND EX-
CHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL
TREATMENT] 2000 One (1)

One (1)
[*CONFIDENTIAL
MATERIAL OMITTED AND
FILED SEPARATELY WITH
THE SECURITIES AND EX-
CHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL
TREATMENT] 2000 One (1)

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[*CONFIDENTIAL
MATERIAL OMITTED AND
FILED SEPARATELY WITH
THE SECURITIES AND EX-
CHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL
TREATMENT] One (1)
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4. Paragraph 3.1.4 is revised by deleting the words
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT] with the words [*CONFIDENTIAL MATERIAL
OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

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5. Paragraph 3.1.5 is deleted and replaced by the following
Paragraph 3.1.5:

"3.1.5 Basic Price for the Block C and Block D "B"
Market Aircraft. The basic price of each of the Block
C and Block D "B" Market Aircraft shall be equal to the
sum of (i) [*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] plus
the price of the engines, [*CONFIDENTIAL MATERIAL
OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT] for a total of [*CONFIDENTIAL
MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT]," (which includes
the price effects of all Change Orders through Change
Order 9A) [*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and
(ii) such price adjustments applicable to such Block C
and Block D "B" Market Aircraft as may be made pursuant
to the provisions of this Agreement, including Article
7 (Changes to Detail Specification) and Article 8 (FAA
Requirements) or other written agreements executed by
Buyer and Boeing."

6. Article 3.2 Purchase Price is revised to read:

"The purchase price of each Aircraft shall be equal to
the sum of the following items as determined at the
time of such Aircraft delivery; (i) the Basic Price of
the Block A "A" Market Aircraft, Block B "A" Market
Aircraft, Block A "B" Market Aircraft, Block B "B"
Market Aircraft, Block C "B" Market Aircraft or Block D
"B" Market Aircraft as applicable, (ii) the Airframe
and Engine Price Adjustments to be determined pursuant
to Exhibit D (Price Adjustment Due to Economic
Fluctuations - Airframe and Engine - Block A "A" Market
Aircraft, Block A "B" Market Aircraft and Block B "B"

Market Aircraft) or Exhibit D-1 (Price Adjustment Due to Economic Fluctuations - Airframe and Engine (Block B "A" Market Aircraft, Block C "B" Market Aircraft, and Block D "B" Market Aircraft) attached hereto or the applicable provisions determined in Article 3.1 above, and (iii) such price adjustments applicable to such Aircraft as may be made pursuant to the provisions of this Agreement, including Exhibit E (Buyer Furnished Equipment Document) or other written agreements executed by Boeing and Buyer (the "Purchase Price")."

7. In Article 5, Paragraph 5.1, Advance Payment Base Price, revise the table of Advance Payment Base Prices for the Block "B" A Market Aircraft to read as follows

"Block B "A" Market Aircraft

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] 2000	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] 2000	
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] 2000	
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] 2000	
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] 2000	

8. In Article 5, Paragraph 5.1, Advance Payment Base Price, revise the table of Advance Payment Base Prices for the Block C "B" Market Aircraft to read as follows:

"Block C "B" Market Aircraft

March 1999
[*CONFIDENTIAL
MATERIAL OMITTED
AND FILED SEPARATELY
WITH THE SECURITIES
AND EXCHANGE
COMMISSION
PURSUANT TO A
REQUEST FOR
CONFIDENTIAL
TREATMENT] 1999
[*CONFIDENTIAL
MATERIAL OMITTED
AND FILED SEPARATELY
WITH THE SECURITIES
AND EXCHANGE
COMMISSION
PURSUANT TO A
REQUEST FOR
CONFIDENTIAL
TREATMENT] 1999
[*CONFIDENTIAL
MATERIAL OMITTED
AND FILED SEPARATELY
WITH THE SECURITIES
AND EXCHANGE
COMMISSION
PURSUANT TO A
REQUEST FOR
CONFIDENTIAL
TREATMENT] 1999
[*CONFIDENTIAL
MATERIAL OMITTED
AND FILED SEPARATELY
WITH THE SECURITIES
AND EXCHANGE
COMMISSION
PURSUANT TO A
REQUEST FOR
CONFIDENTIAL
TREATMENT]"

9. In Article 5, Paragraph 5.1, Advance Payment Base Price, add the following table after the table for the Block C "B" Market Aircraft:

"Block D "B" Market Aircraft

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] 2000	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] 2000	
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	

10. EXHIBIT D-1 Price Adjustment Due to Economic Fluctuations - - Airframe and Engine Block B "A" Market Aircraft and Block C "B" Market Aircraft is deleted and replaced by the new Exhibit D-1 which is attached to this Supplemental Agreement No. 8 as "Attachment 1."

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11. Letter Agreement 6-1162-RCN-859 entitled "Certain Contractual Matters" is revised by adding the words "and Block D" after each occurrence of the words "Block C" in Paragraphs 1.1.3, 1.3.4 and 1.3.5.

12. For clarity, Boeing and Buyer agree that the provisions of Paragraph 2.b) of Letter Agreement 6-1162-RCN-859 apply to all "B" Market Aircraft.

13. Letter Agreement 6-1162-MDH-150R1 entitled "Widebody Special Contractual Matters", Paragraph 1.1, entitled [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] the definition of "C" in the formula at the end of the paragraph is revised to read as follows:

"C = [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]"

14. Boeing and Buyer agree that Paragraph 1.8 entitled [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] of Letter Agreement 6-1162-MDH-150R1 shall apply to the Block D "B" Market Aircraft to the same extent as such paragraph applies to [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

15. Boeing and Buyer agree that the following [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] by this Supplemental Agreement No. 8:

Buyer may elect, subject to available position {STAP} a one-time substitution of a Model 747-400 Aircraft {each, a "Substitute Aircraft"} for the Block D Aircraft by notification received by Boeing on or before twenty-four (24) months prior to the first day of the scheduled delivery month of such Block D Aircraft. Within five (5) working days of receipt of Buyer's notification Boeing shall propose for sale and delivery to Buyer such Substitute Aircraft. Any delivery position offered by Boeing in response to Buyer's notification of its election to substitute will be offered to Buyer subject to prior sale or other disposition (STPS) and will approximate the delivery position of the Block D Aircraft for which Buyer has elected a Substitute Aircraft. If within thirty (30) days of the date of Boeing's proposal for such Substitute Aircraft Buyer accepts such proposal, Boeing and Buyer will enter into a supplemental agreement to the applicable purchase agreement, or a definitive agreement, within sixty (60) days thereafter. In any such supplemental agreement the Basic Price of the Substitute Aircraft and all applicable Credit Memoranda shall be as set forth in Attachment No. 3 to Letter Agreement 6-1162-MDH-150R1.

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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16. Boeing and Buyer agree that the following [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

A. [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

B. [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

17. Boeing and Buyer agree that Buyer shall have the right to [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] be received by Boeing on or before the first day of the month [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the scheduled delivery date of the [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Block D Aircraft.

18. For clarity, Boeing and Buyer agree that the nine Block D "B" Market Aircraft added in this Supplemental Agreement No. 8 are in substitution for the seven Model 747-422 Aircraft deleted from Purchase Agreement 1670 in Supplemental Agreement No. 10 thereto, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

19. Letter Agreement 6-1162-MDH-770 dated March 6, 1998 is hereby null and void.

20. Boeing has offered to Buyer certain business terms for purchase of additional [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

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21. This Supplemental Agreement, including all of the Attachments, will be treated as privileged and confidential information pursuant to the terms of Letter Agreement No. 6-1162-DLJ-832.

The Purchase Agreement shall be deemed to be supplemented to the extent herein provided and as so supplemented shall continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

ACCEPTED AND AGREED TO:

THE BOEING COMPANY UNITED AIR LINES, INC.

By /s/ Brian R. Belka By /s/ Douglas A. Hacker

Its Attorney-in-Fact Its Senior Vice President

and Chief Financial Officer

P.A. No. 1663 S8-7 SA8

Attachment 1 to Supplemental Agreement No. 8

and

UNITED AIR LINES, INC.

Block B "A" Market Aircraft, Block C and Block D "B" Market Aircraft

Exhibit D-1 to Purchase Agreement Number 1663

P.A. No. 1663

D-1

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Attachment 1 to Supplemental Agreement No. 8

PRICE ADJUSTMENT DUE TO
ECONOMIC FLUCTUATIONS
AIRFRAME PRICE ADJUSTMENT
BLOCK B "A" MARKET AIRCRAFT, BLOCK C and BLOCK D "B" MARKET
AIRCRAFT

(1995 Base Price - Airframe)

(1990 Base Price - PW4077 Engines (Block B "A" Market Aircraft))

(1994 Base Price - PW4090 Engines (Block C and Block D "B" Market Aircraft))

1. Formula.

The Airframe Price Adjustment will be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pa = (P)(L + M - 1)$$

Where:

Pa = Airframe Price Adjustment.

$$L = .65 \times \frac{ECI}{130.1}$$

$$M = .35 \times \frac{ICI}{123.6}$$

P = Aircraft Basic Price (as set forth in Article 3.2 of this Agreement) less the base price of Engines (as defined in this Exhibit D-1) in the amount of:

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] {Block B "A" Market Aircraft}

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] {Block C and Block D "B" Market Aircraft}

ECI = A value using the "Employment Cost Index for workers in aerospace manufacturing" (aircraft manufacturing, standard industrial classification code 3721, compensation, base month and year June 1989 = 100), as released by the Bureau of Labor Statistics, U.S. Department of Labor on a quarterly basis for the months of March, June, September and December, calculated as follows: A three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) will be determined using the months set forth in the table below for the applicable Aircraft, with the released Employment Cost Index value described above for the month of March also being used for the months of January and February; the value for June also used for April and

May; the value for September also used for July and August; and the value for December also used for October and November.

Attachment 1 to Supplemental Agreement No. 8.

ICI = The three-month arithmetic average of the released monthly values for the Industrial Commodities Index as set forth in the "Producer Prices and Price Index" (Base Year 1982 = 100) as released by the Bureau of Labor Statistics, U.S. Department of Labor values (expressed as a decimal and rounded to the nearest tenth) for the months set forth in the table below for the applicable Aircraft.

In determining the value of L, the ratio of ECI divided by 130.1 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .65 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

In determining the value of M, the ratio of ICI divided by 123.6 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .35 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

Month of Scheduled Aircraft Delivery	Months to be Utilized in Determining the Value of ECI and ICI
January	June B, July B, Aug. B
February	July B, Aug. B, Sept. B
March	Aug. B, Sept. B, Oct. B
April	Sept. B, Oct. B, Nov. B
May	Oct. B, Nov. B, Dec. B
June	Nov. B, Dec. B, Jan. D
July	Dec. B, Jan. D, Feb. D
August	Jan. D, Feb. D, Mar. D
September	Feb. D, Mar. D, Apr. D
October	Mar. D, Apr. D, May D
November	Apr. D, May D, June D
December	May D, June D, July D

The following definitions of B and D will apply:

B = The calendar year before the year in which the scheduled month of delivery as set forth in Article 2.1 occurs.

D = The calendar year during which the scheduled month of delivery as set forth in Article 2.1 occurs.

2. If at the time of delivery of an Aircraft Boeing is unable to determine the Airframe Price Adjustment because the applicable values to be used to determine the ECI and ICI have not been released by the Bureau of Labor Statistics, then:

Attachment 1 to Supplement Agreement No. 8

2.1 The Airframe Price Adjustment, to be used at the time of delivery of each of the Aircraft, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment. If no values have been released for an applicable month, the provisions set forth in Paragraph 2.2 below will apply. If prior to delivery of an Aircraft the U.S. Department of Labor changes the

base year for determination of the ECI or ICI values as defined above, such rebased values will be incorporated in the Airframe Price Adjustment calculation. The payment by Buyer to Boeing of the amount of the Purchase Price for such Aircraft, as determined at the time of Aircraft delivery, will be deemed to be the payment for such Aircraft required at the delivery thereof.

2.2 If prior to delivery of an Aircraft the U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ECI and ICI values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Aircraft Airframe Price Adjustment, the parties will, prior to delivery of any such Aircraft, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revision of the formula will be made as required to reflect any substitute values. However, if within 24 months from delivery of the Aircraft the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Airframe Price Adjustment, such values will be used to determine any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft.

2.3 In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Purchase Price of any affected Aircraft to reflect an allowance for increases or decreases in labor compensation and material costs occurring since February, 1995, which is consistent with the applicable provisions of paragraph 1 of this Exhibit D-1.

3. For the calculations herein, the values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment.

Note: Any rounding of a number, as required under this Exhibit D-1 with respect to escalation of the airframe price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

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Attachment 1 to Supplemental Agreement No. 8

ENGINE PRICE ADJUSTMENT - PRATT & WHITNEY

Block B "A" MARKET AIRCRAFT

(1990 Base Price)

(a) The basic price of each Block B "A" Market Aircraft set forth in Article 3.1 of the Purchase Agreement includes an aggregate price for PW4077 engines and all accessories, equipment and parts therefor provided by the engine manufacturer (collectively in this Exhibit D called "Engines") of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The adjustment in Engine price applicable to each Block B "A" Market Aircraft (Block B "A" Market "Engine Price Adjustment" herein) shall be determined at the time of Block B "A" Market Aircraft delivery in accordance with the following formula:

$$Pa = (P) (AA + BB + CC) - P$$

(b) The following definitions shall apply herein:

Pa = Block B "A" Market Engine Price Adjustment

P = Aggregate Block B "A" Market Engine Base Price [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

AA = .60 x L

\$14.68

BB = .30 x M

121.7

CC = .10 x E

73.7

In determining the value of AA, BB and CC, the ratio of L divided by \$14.68, M divided by 121.7 and E divided by 73.7 shall be expressed as a decimal and rounded to the nearest ten-thousandth but the decimal value resulting from multiplying such ratios by the respective constants (.60, .30 and .10) shall not be rounded. The value of the sum of AA + BB + CC shall also be rounded to the nearest ten-thousandth.

L = Labor Index, which is the "Hourly Earnings of Aircraft Engines and Engine Parts Production Workers, SIC 3724" published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

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\$14.68 = Published Labor Index (SIC 3724) for December, 1989.

M = Material Index, which is the "Producer Price Index - Code 10, Metals and Metal Products," (Base Year 1982 = 100) published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

121.7 = Published Material Index (Code 10) for December, 1989.

E = Fuel Index, which is the "Producer Price Index - Code 5, Fuels and Related Products and Power" (Base Year 1982 = 100) published for the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

73.7 = Published Fuel Index (Code 5) for December, 1989.

The Block B "A" Market Engine Price Adjustment shall not be made if it would result in a decrease in the aggregate Block B "A" Market Aircraft Engine base price.

(c) The value of the Labor, Material and Fuel Index used in determining the Block B "A" Market Engine Price Adjustment shall be those published by the Bureau of Labor Statistics, U.S. Department of Labor as of a date thirty (30) days prior to the scheduled Block B "A" Market Aircraft delivery to Buyer. Such Index values shall be considered final and no revision to the Block B "A" Market Engine Price Adjustment shall be made after Aircraft delivery for any subsequent changes in published Index values.

(d) If the Bureau of Labor Statistics, U.S. Department of Labor, (i) substantially revises the methodology (in contrast to benchmark adjustments or other corrections of previously published data), or (ii) discontinues publication of any of the data referred to above or (iii) temporarily discontinues publication of any of the data referred to above, Pratt & Whitney Aircraft (P&WA) agrees to meet jointly with Boeing and Buyer and jointly select a substitute for the revised or discontinued data, such substitute data to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original data as it may have fluctuated had it not been revised or discontinued. Appropriate revision of the Block B "A" Market Engine Price Adjustment provisions set forth above shall be made to accomplish this result for affected Engines.

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Attachment 1 to Supplemental Agreement No. 8

In the event the Engine Price Adjustment escalation provisions of this Agreement are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, P&WA agrees to meet with Boeing and jointly agree, to the extent that they may lawfully do so, to adjust equitably the purchase price of the Engine(s) to reflect an allowance for increases in labor, material and fuel costs that occurred from December, 1989 to the seventh month preceding the month of scheduled delivery of the applicable Block B "A" Market Aircraft.

(e) The Engine escalation provisions set forth above shall be appropriately amended to reflect changes in such provisions (including any increase in Block B "A" Market Engine base price) established by the Engine manufacturer as of the date of entering into a definitive agreement to purchase the Block B "A" Market Aircraft and applicable to Engines for delivery to Boeing during the same approximate time period as the Block B "A" Market Aircraft.

NOTES: Any rounding of a number, as required under this Exhibit D-1 with respect to escalation of the Engine price, shall be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit shall be raised to the next higher number.

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Attachment 1 to Supplemental Agreement No. 8

ENGINE PRICE ADJUSTMENT - PRATT & WHITNEY

Block C and Block D "B" MARKET AIRCRAFT

(1994 Base Price)

(a) The basic price of each Block C and Block D "B" Market Aircraft set forth in Article 3.1 of the Purchase Agreement includes an aggregate price for PW4090 Engines of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The adjustment in Engine price applicable to each Block C and Block D "B" Market Aircraft (Block C and Block D "B" Market "Engine Price Adjustment" herein) shall be determined at the time of Block C and Block D "B" Market Aircraft delivery in accordance with the following formula:

(a) $P_a = (P) (AA+BB+CC) - P$

(b) The following definitions shall apply herein:

P_a = Block C and Block D "B" Market Engine Price Adjustment

P = Aggregate Block C and Block D "B" Market Engine

Base

$$\text{AA} = .60 \times \frac{\text{L}}{\$17.13}$$

$$\text{BB} = .30 \times \frac{\text{M}}{120.2}$$

$$\text{CC} = .10 \times \frac{\text{E}}{74.7}$$

In determining the value of AA, BB and CC, the ratio of L divided by \$17.13, M divided by 120.0 and E divided by 74.7 shall be expressed as a decimal and rounded to the nearest ten-thousandth but the decimal value resulting from multiplying such ratios by the respective constants (.60, .30 and .10) shall not be rounded. The value of the sum of AA + BB + CC shall also be rounded to the nearest ten-thousandth.

L = Labor Index, which is the "Hourly Earnings of Aircraft Engines and Engine Parts Production Workers, SIC 3724" published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

\$17.13 = Published Labor Index (SIC 3724) for December, 1993.

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Attachment 1 to Supplemental Agreement No. 8.

M = Material Index, which is the "Producer Price Index - Code 10, Metals and Metal Products," (Base Year 1982 = 100) published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

120.2 = Published Material Index (Code 10) for December, 1993.

E = Fuel Index, which is the "Producer Price Index Code 5, Fuels and Related Products and Power" (Base Year 1982 = 100) published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

74.7 = Published Fuel Index (Code 5) for December, 1993.

The Block C and Block D "B" Market Engine Price Adjustment shall not be made if it would result in a decrease in the aggregate Block C and Block D "B" Market Engine base price.

(c) The value of the Labor, Material and Fuel Index used in determining the Block C and Block D "B" Market Engine Price Adjustment shall be those published by the Bureau of Labor Statistics, U.S. Department of Labor as of a date thirty (30) days prior to the scheduled Block C or Block D "B" Market Aircraft delivery to Buyer. Such Index values shall be considered final and no revision to the Block C or Block D "B" Market Engine Price Adjustment shall be made after Aircraft delivery for any subsequent changes in published Index values.

(d) If the Bureau of Labor Statistics, U.S. Department of Labor, (i) substantially revises the methodology (in contrast to benchmark adjustments or other corrections of previously published data), or (ii) discontinues publication of any of the

data referred to above or (iii) temporarily discontinues publication of any of the data referred to above, Pratt & Whitney Aircraft (P&WA) agrees to meet jointly with Boeing and Buyer and jointly select a substitute for the revised or discontinued data, such substitute data to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original data as it may have fluctuated had it not been revised or discontinued. Appropriate revision of the Block C and Block D "B" Market Engine Price Adjustment provisions set forth above shall be made to accomplish this result for affected engines.

In the event the Block C and Block D "B" Market Price Adjustment escalation provisions of this Agreement are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, P&WA agrees to meet with Boeing and jointly agree, to the extent that they may lawfully do so, to reflect an allowance for increases in labor, material and fuel costs that occurred from December, 1993, to the seventh month preceding the month of scheduled delivery of the applicable Block C or Block D "B" Market Aircraft.

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Attachment 1 to Supplemental Agreement No. 8

(e) The Engine escalation provisions set forth above shall be appropriately amended to reflect changes in such provisions (including any increase in Block C or Block D "B" Market Engine base price) established by P&WA as of the date of entering into a definitive agreement to purchase the Block C or Block D "B" Market Aircraft and applicable to Engines for delivery to Boeing during the same approximate time period as the Block C or Block D "B" Market Aircraft.

NOTE: Any rounding of a number, as required under this Exhibit D-1 with respect to escalation of the Engine price, shall be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit shall be raised to the next higher number.

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SA8

Supplemental Agreement No. 13

to

Purchase Agreement No. 1670

between

The Boeing Company

and

UNITED AIR LINES, INC.

Relating to Boeing Model 747-422 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of the 10th day of February, 1999, by and between THE BOEING COMPANY, a Delaware corporation (hereinafter called Boeing), and UNITED AIR LINES, INC., a Delaware corporation, (hereinafter called Buyer);

W I T N E S S E T H:

WHEREAS, the parties hereto entered into an agreement dated as of December 18, 1990, relating to Boeing Model 747-422 aircraft (hereinafter referred to as the "Aircraft"), which agreement, as amended, together with all exhibits and specifications attached thereto and made a part thereof which is hereinafter called the "Purchase Agreement" and;

WHEREAS, Buyer has requested to substitute nine (9) 777-222 "B" Market Aircraft for seven (7) 747-422 Aircraft [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT],

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree to supplement the Purchase Agreement as follows:

1. Article 2, entitled Delivery of Aircraft; Title and Risk of Loss, paragraph 2.1 is hereby revised by deleting the Aircraft shown for delivery in [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

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S13-1

SA 13

2. Article 5, entitled Payment, paragraph 5.1, entitled Advance Payment Base Price, is hereby revised by deleting the Aircraft shown for delivery in [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Aircraft and the associated Advance Payment Base Prices.

3. The table in Paragraph 2 entitled "Delivery" of Letter Agreement No. 1670-5R entitled "Option Aircraft" is revised by deleting the Model 747-422 Option Aircraft scheduled for delivery in [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Paragraph 5.1 (untitled) in Letter Agreement No. 1670-5R is revised by deleting the period and adding the following at the end of the paragraph:

", except with respect to the Option aircraft scheduled for delivery in [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

5. For clarity, Boeing and Buyer agree that the nine 777-222 "B" Market Aircraft substituted for the [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Aircraft are the nine "Block D "B" Market Aircraft" added to Purchase Agreement 1663 in Supplemental Agreement 8 thereto, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

The Purchase Agreement shall be deemed to be supplemented to the extent herein provided and as so supplemented shall continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

ACCEPTED AND AGREED TO:

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/ Douglas A. Hacker

Its Attorney-in-Fact

Its Senior President and

Chief Financial Officer

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Three Months Ended March 31	
	-----	-----
	1999	1998
	----	----
	(In Millions)	
Earnings:		
Earnings before income taxes	\$ 123	\$ 96
Losses of affiliates	2	-
Fixed charges, from below	244	229
Undistributed earnings of affiliates	(19)	(20)
Interest capitalized	(19)	(26)
	----	----
Earnings	\$ 331	\$ 279
	=====	=====
Fixed charges:		
Interest expense	\$ 92	\$ 80
Portion of rental expense representative of the interest factor	152	149
	----	----
Fixed charges	\$ 244	\$ 229
	=====	=====
Ratio of earnings to fixed charges	1.36	1.22
	=====	=====

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges
and Preferred Stock Dividend Requirements

	Three Months Ended March 31	
	1999	1998
	-----	-----
	1999	1998
	----	----
	(In Millions)	
Earnings:		
Earnings before income taxes	\$ 123	\$ 96
Losses of affiliates	2	-
Fixed charges, from below	293	269
Undistributed earnings of affiliates	(19)	(20)
Interest capitalized	(19)	(26)
	----	----
Earnings	\$ 380	\$ 319
	====	====
Fixed charges:		
Interest expense	\$ 92	\$ 80
Preferred stock dividend requirements	49	40
Portion of rental expense representative of the interest factor	152	149
	----	----
Fixed charges	\$ 293	\$ 269
	====	====
Ratio of earnings to fixed charges	1.30	1.19
	====	====

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF MARCH 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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	DEC-31-1999	
	JAN-01-1999	
	MAR-31-1999	
	3-MOS	256
		383
		1,134
		0
		294
	2,633	19,419
		5,670
	19,071	
5,752		5,109
	100	0
		1
		3,466
19,071		0
	4,160	0
		4,014
		0
		0
	92	
	123	
		44
78		0
		0
		0
		78
		0.91
		0.44