FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2000

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 incorporation or organization)	(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 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, 2000
Common Stock ($0.01 par value)	49,955,858

UAL Corporation and Subsidiary Companies Report on Form 10-Q

For the Quarter Ended March 31, 2000

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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, 2000 (Unaudited)	December 31, 1999
Current assets:		
Cash and cash equivalents	$ 400	$ 310
Short-term investments	393	379
Receivables, net	1,494	1,284
Inventories, net	327	340
Deferred income taxes	215	222
Prepaid expenses and other	493	400
	3,322	2,935
Operating property and equipment:		
Owned	18,138	17,695
Accumulated depreciation and amortization	(5,302)	(5,207)
	12,836	12,488
Capital leases	2,921	3,022
Accumulated amortization	(566)	(645)
	2,355	2,377
	15,191	14,865
Other assets:		
Investments in affiliates	431	533
Intangibles, net	563	568
Aircraft lease deposits	589	594
Prepaid rent	577	585
Other, net	979	883

	3,139	3,163
	$ 21,652	$ 20,963

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, 2000 (Unaudited)	December 31, 1999
Current liabilities:		
Short-term borrowings	$ -	$ 61
Current portions of long-term debt and capital lease obligations	382	282
Advance ticket sales	1,824	1,412
Accounts payable	1,026	967
Other	3,102	2,689
	6,334	5,411
Long-term debt	2,634	2,650
Long-term obligations under capital leases	2,257	2,337
Other liabilities and deferred credits:		
Deferred pension liability	115	70
Postretirement benefit liability	1,527	1,489
Deferred gains	968	986
Other	1,859	1,876
	4,469	4,421
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	99	100
Preferred stock committed to Supplemental ESOP	798	893
Stockholders' equity:		
Preferred stock	-	-
Common stock at par	1	1
Additional capital invested	4,340	4,099
Retained earnings	2,000	2,138
Unearned ESOP preferred stock	(47)	(28)
Accumulated other comprehensive income	257	352
Treasury stock	(1,482)	(1,402)
Other	(8)	(9)
	5,061	5,151
Commitments and contingent liabilities (See note)		
	$ 21,652	$ 20,963

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 2000	Three Months Ended March 31 1999
Operating revenues:		
Passenger	$ 3,967	$ 3,680
Cargo	217	208
Other	362	272
	4,546	4,160
Operating expenses:		
Salaries and related costs	1,424	1,409
ESOP compensation expense	91	182
Aircraft fuel	539	395
Commissions	249	283
Purchased services	403	379
Aircraft rent	222	219
Landing fees and other rent	229	223
Depreciation and amortization	232	211
Special charges	41	-
Cost of third-party sales	260	130
Aircraft maintenance	189	178
Other	415	405
	4,294	4,014
Earnings from operations	252	146
Other income (expense):		
Interest expense	(98)	(92)
Interest capitalized	20	19
Interest income	16	11
Equity in earnings of affiliates	(1)	24
Miscellaneous, net	(12)	15
	(75)	(23)
Earnings before income taxes, distributions on preferred securities and cumulative effect of accounting change	177	123
Provision for income taxes	66	44
Earnings before distributions on preferred securities and cumulative effect of accounting change	111	79
Distributions on preferred securities, net of tax	(1)	(1)
Cumulative effect of accounting change, net of tax	(209)	-
Net earnings (loss)	$ (99)	$ 78
Per share, basic:		
Earnings before cumulative effect	$ 1.42	$ 0.91
Cumulative effect of accounting change, net of tax	(4.14)	-
Net earnings (loss)	$ (2.72)	$ 0.91
Per share, diluted:		
Earnings before cumulative effect	$ 0.62	$ 0.44
Cumulative effect of accounting change, net of tax	(1.80)	-
Net earnings (loss)	$ (1.18)	$ 0.44

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 2000	1999
Cash and cash equivalents at beginning of period	$ 310	$ 390
Cash flows from operating activities	882	712
Cash flows from investing activities:		
Additions to property and equipment	(556)	(658)
Proceeds on disposition of and equipment	6	113
Decrease (increase) in short-term investments	(14)	42
Other, net	(113)	(4)
	(677)	(507)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	200	286
Repayment of long-term debt	(128)	(271)
Principal payments under capital lease obligations	(58)	(113)
Purchase of equipment debt certificates under Company leases	-	(47)
Repurchase of common stock	(81)	(42)
Decrease in short-term borrowings	(61)	(134)
Aircraft lease deposits	-	(30)
Other, net	13	12
	(115)	(339)
Increase (decrease) in cash and cash equivalents	90	(134)
Cash and cash equivalents at end of period	$ 400	$ 256
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 68	$ 55
Income taxes	$ 4	$ 25
Non-cash transactions:		
Capital lease obligations incurred	$ 3	$ 407

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 1999.

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 1999 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 1999 were allocated in March 2000 as follows: 434,465 shares of Class 2 ESOP Preferred Stock were contributed to the Non-Leveraged ESOP and an additional 248,572 shares were allocated in "book entry" form under the Supplemental Plan. Also, 2,390,931 shares of Class 1 ESOP Preferred Stock were allocated under the Leveraged ESOP. Finally, an additional 626,127 shares of Class 1 and Class 2 ESOP Preferred Stock have been committed to be released by the Company since January 1, 2000.

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 before cumulative effect 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 common shares issuable upon conversion of ESOP shares committed to be released.

Earnings Attributable to Common Stockholders (Millions)	Three Months Ended March 31	
	2000	1999
Net income before cumulative effect	$ 110	$ 78
Preferred stock dividends and other	(38)	(31)
Earnings attributable to common stockholders (Basic and Diluted)	$ 72	$ 47
Shares (Millions)		
Weighted average shares outstanding (Basic)	50.5	51.3
Convertible ESOP preferred stock	64.7	54.1
Other	0.9	1.3
Weighted average number of shares (Diluted)	116.1	106.7
Earnings Per Share before Cumulative Effect		
Basic	$1.42	$0.91

Diluted	$0.62	$0.44

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:

Three Months Ended March 31, 2000

(In Millions)	Domestic	Pacific	Atlantic	Latin America	Reportable Segment Total	Other	Consolidated Total
Revenue	$3,190	$ 689	$ 446	$ 208	$4,533	$13	$4,546
Fully distributed earnings before income taxes and special charges	$ 232	$ 32	$ 11	$ 23	$ 298	$11	$ 309

Three Months Ended March 31, 1999

(In Millions)	Domestic	Pacific	Atlantic	Latin America	Reportable Segment Total	Other	Consolidated Total
Revenue	$2,887	$ 648	$ 409	$ 206	$4,150	$10	$4,160
Fully distributed earnings before income taxes and special charges	$ 265	$ 1	$ 16	$ 16	$ 298	$ 7	$ 305

(In Millions)	Three Months Ended March 31 2000	1999
Total fully distributed earnings for reportable segments	$ 298	$ 298
Special charges	(41)	-
UAL subsidiary earnings	11	7
Less: ESOP compensation expense	91	182
Total earnings before income taxes, distributions on preferred securities and cumulative effect of accounting change	$ 177	$ 123

Other Comprehensive Income

Total comprehensive income (loss) for the three months ending March 31, 2000 was $(194) million compared to $78 million for the first quarter 1999. Other comprehensive income consisted of net unrealized losses of $95 million in 2000. There was no other comprehensive income in 1999.

Accounting Changes

During the first quarter of 2000, UAL changed its method of accounting for the sale of mileage to participating partners in its Mileage Plus program, in accordance with Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements." Under the new accounting method, a portion of the other revenue from the sale of mileage is deferred and recognized as passenger revenue when the transportation is provided. Accordingly, UAL has recorded a charge of $209 million, net of tax, for the cumulative effect of a change in accounting principle to reflect the application of the accounting method to prior years. This change resulted in a reduction to revenues of approximately $5 million in the first quarter 2000 and would have impacted 1999 first quarter revenues by approximately $7 million. As of March 31, 2000, the deferred revenue balance relating to Mileage Plus was $376 million.

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, 2000, commitments for the purchase of property and equipment, principally aircraft, approximated $4.5 billion, after deducting advance payments. An estimated $1.8 billion will be spent during the remainder of 2000, $1.8 billion in 2001 and $0.9 billion in 2002 and thereafter. The major commitments are for the purchase of A319, A320, B747, B767 and B777 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 $793 million at March 31, 2000, compared to $689 million at December 31, 1999. Cash flows from operating activities amounted to $882 million. Financing activities included principal payments under debt and capital lease obligations of $128 million and $58 million, respectively. Additionally, the Company issued $200 million in long-term debt during the period to finance the acquisition of aircraft.

Property additions, including aircraft and aircraft spare parts, amounted to $556 million. Property dispositions resulted in proceeds of $6 million. In the first quarter of 2000, United took delivery of two A320, one B767 and one B777 aircraft. All of these aircraft were purchased. In addition, United retired three DC10 aircraft in the first quarter.

At March 31, 2000, commitments for the purchase of property and equipment, principally aircraft, approximated $4.5 billion, after deducting advance payments. Of this amount, an estimated $1.8 billion is expected to be spent during the remainder of 2000. 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 $252 million in the first quarter of 2000, compared to operating earnings of $146 million in the first quarter of 1999. UAL's net earnings before the cumulative effect of an accounting change were $110 million ($0.62 per share, diluted), compared to net earnings of $78 million in the same period of 1999 ($0.44 per share, diluted).

The 2000 earnings also include a special charge of $26 million, net of tax, ($0.22 per share, diluted) associated with the asset write-down and losses related to subleases on non-operating British Aerospace Advanced Turbo-Prop ("ATP") aircraft previously used in the United Express operation.

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. No adjustments are made to Fully Distributed earnings to reflect future salary increases. A comparison of results reported on a Fully Distributed basis to results reported under generally accepted accounting principles (GAAP) is as follows:

	March 31, 2000		March 31, 1999	
	GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed
Net income (loss)	$ (99)	$ (44)	$ 78	$ 187
Per share, diluted:				
Earnings before special charges and cumulative effect of accounting change	$ 0.84	$ 1.61	$0.44	$1.54
Special charges	(0.22)	(0.22)	-	-
Cumulative effect of accounting change	(1.80)	(1.78)	-	-
Earnings (loss) per share	$(1.18)	$(0.39)	$0.44	$1.54

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 increasing number of shares assumed outstanding under the GAAP basis during the remainder of the ESOP period. During the year 2000, the shares assumed outstanding under the GAAP basis will approach the number of shares assumed outstanding under the Fully Distributed basis.

Specific factors affecting UAL's consolidated operations for the first quarter of 2000 are described below.

First Quarter 2000 Compared with First Quarter 1999.

Operating revenues increased $386 million (9%) and United's revenue per available seat mile (unit revenue) increased 9% to 10.66 cents. Passenger revenues increased $287 million (8%) due to an 8% increase in yield to 13.58 cents. United's revenue passenger miles remained unchanged, while available seat miles across the system were up 1% over the first quarter of 1999, resulting in a passenger load factor decrease of 0.7 point to 68.2%. 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%	8%
Pacific	(3%)	(6%)	12%
Atlantic	3%	1%	7%
Latin America	(11%)	(2%)	-
System	1%	-	8%

Cargo revenues increased $9 million (4%), despite a decrease in cargo yield of 4%. Other operating revenues increased $90 million (33%) due to increased fuel sales to third parties, partially offset by the decrease in frequent-flyer program partner-related revenues as a result of a change in accounting principle.

Operating expenses increased $280 million (7%) and United's cost per available seat mile (unit cost) increased 5%, from 9.49 cents to 10.00 cents, including ESOP compensation expense. Without the ESOP compensation expense, United's unit cost would have been 9.78 cents, an increase of 8% from the 1999 first quarter. ESOP compensation expense decreased $91 million (50%), 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 fuel increased $144 million (37%) due to a 34% increase in the cost of fuel from 54.4 cents to 73.0 cents a gallon. Commissions decreased $34 million (12%) due to a change in the commission structure implemented in the fourth quarter of 1999. Depreciation and amortization increased $21 million (10%) due to an increase in the number of owned aircraft. Cost of third-party sales increased $130 million (100%) due to costs associated with fuel sales to third parties.

Other non-operating expense amounted to $75 million in the first quarter of 2000 compared to $23 million in the first quarter of 1999. Equity in earnings of affiliates decreased $25 million as a result of United discontinuing the equity method of accounting for its investment in Galileo. Miscellaneous, net includes $7 million in losses on currency options and $5 million of other foreign exchange gains in 2000, compared to $14 million in gains on written yen call options and $7 million of other foreign exchange gains in 1999.

LABOR AGREEMENTS

On April 12, 2000, the Company's contract with the Air Line Pilots' Association International ("ALPA") became amendable. The Company has been in negotiations with ALPA since December 1998 for a new contract. However, on April 14, 2000, United and ALPA, in a joint meeting with the National Mediation Board ("NMB"), briefed the NMB on the status of negotiations and formally requested their mediation assistance. Under the terms of the Railway Labor Act, United's current agreement will remain in effect while negotiations continue.

E-COMMERCE AND MILEAGE PLUS

United continues to deliver on its commitment to create shareholder value by further developing its core airline business, enhancing the Company's relationships with its customers and building strategic businesses that leverage the value of the United franchise.

In January, United announced its intentions to launch an e-commerce subsidiary that will be dedicated to maximizing the sale of travel products over the Internet and Internet- enabled devices. Accordingly, United has established an e-commerce division, consisting of a cross-functional team of nearly 70 employees from United's marketing and technical disciplines to develop and expand lower-cost distribution channels and develop new customer interfaces for enhancing customer service opportunities; ultimately, this group will be transferred to the new subsidiary.

A major part of this initiative is the recently redesigned united.com web site. Gross air bookings on united.com in the first quarter 2000 grew over 200 percent from the same period last year. Total revenue earned over the Internet reached $153 million in the first quarter compared to $60 million in 1999. In addition, United continues to build its Internet network by establishing and expanding its partnerships with companies such as GetThere.com, BuyTravel.com and Priceline.com. These investments build upon United's long-standing investments in technology ventures such as Galileo International, Inc. and Equant N.V., which are valued at $384 million and $118 million, respectively at March 31, 2000.

United's Mileage Plus frequent flyer program continues to grow due to the success of partnerships such as First USA Mileage Plus Visa and Master Card, MCI WorldCom and E*TRADE. Revenue from third-party mileage sales reached $107 million during the first quarter, compared to $91 million in 1999, as adjusted for the change in accounting principle.

OUTLOOK FOR 2000

The Company expects the underlying trends that contributed to the strong revenue performance in the first quarter to continue into the second quarter. Total unit revenues are expected to rise between 7 percent and 8.5 percent. Fully distributed unit costs are expected to rise 9.8 percent, based on an average fuel price of 72.5 cents per gallon. Excluding fuel, unit costs are expected to rise 7 percent, as the Company begins returning wages to pre-ESOP levels and implements its commitment to providing all employee groups with competitive compensation. Based on the revenue and cost projections, the Company expects second quarter fully distributed earnings per share to range between $2.60 and $3.00.

For the full year, the Company now expects fully distributed earnings per share to range between $8.00 and $10.00, excluding special charges. Unit revenues are estimated to range between 4.5 percent and 6.5 percent higher than 1999. Fully distributed unit costs are expected to be approximately 7.75 percent above 1999 levels, based on an average fuel price of 75 cents per gallon.

Information included in the above "Outlook for 2000" paragraphs is forward-looking and involves risks and uncertainties that could result in actual results differing materially from expected results. Factors that could significantly impact unit revenues, fully distributed unit costs 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 outcome of negotiations of new contracts with union groups, actions of the U.S., foreign and local governments, the Pacific 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.

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 1999. Significant changes which have occurred since year-end are as follows:

Foreign Currency Risk -

(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value (Pay)/Receive*
Forward exchange contracts			
Japanese Yen-Purchased forwards	$ 158	105.64	$ 5
-Sold forwards	$ 75	108.99	$ -
Hong Kong Dollar-Sold forwards	$ 73	7.83	$ -
French Franc-Purchased forwards	$ 50	5.05	$ (2)
Euro-Purchased forwards	$ 117	1.37	$ (6)
Currency options			
Japanese Yen-Purchased put options	$ 423	103.66	$ 10
Australian Dollar-Purchased put options	$ 106	0.61	$ 3
British Pound-Purchased put options	$ 62	1.53	$ -
Euro-Purchased put options	$ 107	0.98	$ 3
Correlation Basket Option-Sold	$ 698	N/A	$ (5)

Price Risk (Aircraft fuel) -

(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value (Pay)/Receive*
Purchased call contracts-Crude oil	$1,066	$22.45/bbl	$ 169

*Estimated fair values represent the amount United would pay/receive on March 31, 2000 to terminate the contracts.

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 13, 2000, reporting a press release: United Airlines holds an airlines analyst briefing; provides financial guidance for 2000.

Form 8-K dated January 19, 2000, 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.

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

Executive Vice President and
Chief Financial Officer
(principal financial and
accounting officer)

Dated: May 5, 2000

Exhibit Index

Exhibit No.	Description
10.1	Employment Agreement between William P. Hobgood and UAL and United, dated March 1, 2000.
10.2	Release Agreement between William P. Hobgood and United, dated March 10, 2000.
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.

EXHIBIT 10.1

February 24, 2000

Mr. William P. Hobgood
4868 West Boulevard Court
Naples, FL 34103

Dear Bill:

It is with great pleasure that I can confirm the decision to offer you continued employment with United Air Lines, Inc. This offer of continued employment is effective March 1, 2000 ("Effective Date") and supercedes and voids all agreements you have with United Air Lines, Inc. and UAL Corporation (together "United") including that Letter Agreement dated February 27, 1997, the Agreement dated March 1, 1997, and the Letter Agreement dated November 6, 1998.

The continued offer of employment is made on the following terms:

POSITION

Senior Vice President - People

TERM AND STATUS

The term of your continued employment is effective March 1, 2000 and ends February 28, 2007 ("Term"). During the Term your employment status shall be as follows:

March 1, 2000 to September 1, 2001	Full-time status
September 1, 2001 to March 1, 2004	Part-time status with an established schedule of an average of three days a week "on-site" and available for consultation at other times as needed.
March 1, 2004 through February 28, 2007	On-call status

BASE SALARY

Your annual base salary shall be $212,160 from the Effective Date to April 13, 2000. Effective April 13, 2000, your base salary shall be increased to $300,000. Effective April 1, 2001 your base salary shall be increased to $350,000 and shall remain in effect until March 1, 2004. United may increase your base salary at its discretion.

PERFORMANCE INCENTIVE PLAN ("PIP") PARTICIPATION

For the Program years 2000 through 2003, you will be eligible for incentive payments in accordance with the Program's terms at a target incentive rate of 55% of base salary. United, in its sole discretion, may include you in the Program for the Program year 2004 at a rate to be determined at that time.

NON-QUALIFIED STOCK OPTIONS/EQUITY COMPENSATION

Upon your acceptance of this offer you will return to United for cancellation all stock options granted to you prior to February 23, 2000 pursuant to that Letter Agreement between you and United dated February 27, 1997. You will be eligible for any grants of stock options or any other equity compensation for senior officers on or after the Effective Date through 2003.

EMPLOYEE BENEFITS

You will continue to participate in United's employee benefit plans and programs offered to senior officers pursuant to the terms of the employee benefit plans or programs. Nothing in this offer restricts United from terminating, amending, adding or replacing any employee benefit plan or program.

Additional Pension Plan Credit

On February 29, 2004, United will grant you three (3) additional Years of Participation at your then current annual base salary under the United Air Lines, Inc. Management, Administrative and Public Contact Defined Benefit Pension Plan and Supplemental Plan for purposes of calculating your pension benefit. The pension benefit attributable to the additional Years of Participation shall be paid from the Supplemental Plan.

Vacation/Holidays

You will be entitled to four (4) weeks of vacation each year through 2003. You will not be entitled to take any vacation on or after March 1, 2004 and will not be entitled to payment for any accrued but unused vacation at that time. You will be entitled to all vacation days available to other senior officers up to March 1, 2004.

Automobile

A leased automobile will be provided to you including insurance, maintenance and a telephone from the Effective Date through February 29, 2004. The annual lease cost shall not exceed $7,500.

DEFERRED COMPENSATION

On the Effective Date, United shall create a bookkeeping account in your name to which it will credit $1 million. Each February, May, August and November ("Accounting Date") thereafter the account shall be credited with interest since the last preceding Accounting Date computed at the prime rate as reported in the Wall Street Journal for the current Accounting Date, or if such Accounting Date is not a business day, for the next preceding business day until payment commences. In addition, if you are employed on August 31, 2001, United shall credit to such account an additional $200,000. The amounts credited to your deferred compensation account shall be subject to FICA taxation on the date credited to the deferred compensation account by United.

On January 1, 2005, United shall commence payment of the Deferred Compensation account to you in twenty annual installments. The annual payment amount shall be determined by annuitizing the total amount in the deferred compensation account as of December 31, 2004 for a 20-year certain payout at the then prime rate but not less than 8%. United may, in its sole discretion, accelerate the payment of the deferred compensation account at any time after January 1, 2005.

In the event of your death prior to commencement of the deferred compensation account or prior to the time the entire account has been paid, payment shall be made to or continue to your designated beneficiary, if then surviving, or if not, to your contingent beneficiary, if then surviving, or if not, to your estate. After your death payment of your deferred compensation account shall commence, if it has not already done so, as soon as administratively possible to your designated beneficiary. Your beneficiary designation must be made in writing and must be filed with the Director of Compensation.

SEVERANCE

In the event your employment is terminated for any reason other than due to your death or for "Cause", you shall be entitled to continuation of all benefits and payment of base salary and crediting of all deferred compensation through the end of the Term.

In the event your employment is terminated for Cause, base salary, PIP payments, stock or other equity grants, and employee benefits (other than those vested under the plans or by law) shall cease. Payment of the deferred compensation account shall not commence until January 1, 2005.

For purposes of this Letter "Cause" shall mean any of the following: (A) an act of willful misconduct or gross negligence in the performance of your material duties or obligations to United which (1) continues after written notice is received by you specifying the alleged failure in reasonable detail, and (2) is materially and demonstrably damaging to the relationships of United with its customers, suppliers, shareholders or employees, or (B) your conviction of a felony involving moral turpitude, or (C) a material act of dishonesty or breach of trust on your part resulting or intended to result directly or indirectly in personal gain or enrichment at the expense of United.

MISCELLANEOUS

The Letter 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 the principles of conflicts of laws.

Any dispute or controversy arising under or in connection with the Letter 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 the in effect. You agree to arbitration in Chicago, Illinois, agree that judgement may be entered in the courts of the State of Illinois on any such arbitration award, agree to the jurisdiction of the courts of Illinois, both state and federal, for the enforcement of any such arbitration award and agree not to disturb such choice of forum.

Bill, we are pleased to be able to continue our relationship. If you have any questions about this material, please call Fed Farkas or me.

Sincerely,

/s/ James E. Goodwin

James E. Goodwin
Chairman and Chief
Executive Officer

Agreed and accepted this 10 day
of March, 2000.

/s/ William P. Hobgood

William P. Hobgood

EXHIBIT 10.2

RELEASE AGREEMENT

1. The parties to this Release Agreement ("Release") are: William P. Hobgood ("Hobgood") and United Air Lines, Inc. ("United").

2. Waiver and Release of All Claims. In consideration for the Letter Agreement dated February 24, 2000 between Hobgood and United and all other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, hereby releases and forever discharges United and each and every one of its past, present or future directors, officers, successors, employees, subsidiaries, affiliates, sister and parent companies, divisions and assigns of and from any and all actions, causes of action, claims, suits, charges, damages and costs, in relation to all claims which exist as of the date of execution of this Release or which could have been alleged up to the date of this Release. Hobgood further agrees not to commence or cause to be commenced on his behalf any administrative charge or claims, administrative review or legal action of any kind against United asserting any claim or charge arising from or in any way relating to his employment with United up to the date of this Release, including, but not limited to: claims which could have arisen under Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Americans With Disabilities Act; the Illinois Human Rights Act, and/or any other state, federal or municipal employment discrimination statutes (including claims based on sex, sexual harassment, age, race, national origin, religion, ancestry, harassment, marital status, handicap, disability, retaliation and/or attainment of benefit plan rights); and/or any other claim whatsoever including, but not limited to, claims relating to implied or express employment contracts, stock option agreements, public policy or tort claims, intentional infliction of emotional distress claims, personal injury claims, defamation claims, privacy claims, wrongful discharge claims, common law claims, claims relating to legal restriction on United's right to terminate employees or pursuant to any other claim whatsoever, arising out of or relating to his employment with United and/or any other occurrence to the date of this Agreement, but excluding claims which Hobgood cannot by law waive and claims for breach of the Letter Agreement dated February 24, 2000.

3. Consideration. The parties agree that the amounts to be paid under the Letter Agreement dated February 24, 2000 and other considerations are in excess of any sum to which Hobgood might otherwise be entitled, and that the same constitute an extra payment and benefit in exchange for the signing of this Release. Hobgood further agrees that consideration exceeds any compensation, severance pay and/or other benefits which Hobgood could claim were owed to him by United or by United sponsored benefit plans, programs or policies.

4. HOBGOOD UNDERSTANDS THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

5. Entire Agreement. This Release and the Letter Agreement dated February 24, 2000 constitute the entire agreement between United and Hobgood. No other promises or agreement shall be binding unless in writing and signed by both parties. Hobgood and United further agree that this Release may be executed in counterparts and each executed counterpart shall be as effective as a signed original. Photographic or faxed copies of such signed counterparts may be used in lieu of the originals for any purpose.

6. Separability. If any portion of this Release is found to be unenforceable, the remainder of the Release shall remain in full force and effect.

7. Time to Review, Attorney Consultation, and Full Knowledge Consent and Voluntary Signing of Agreement. Hobgood acknowledges and agrees that United has advised and encouraged him to consult with an attorney regarding this Release. Hobgood further acknowledges and agrees that: (a) he has carefully read this Release and fully understands its meaning, intent and terms; (b) he has full knowledge of its legal consequences; (c) he agrees to all the terms of the Release and is voluntarily signing below; (d) other than as stated herein, Hobgood attests that no promise or inducement has been offered for this Release; and (e) he is legally competent to execute this Release and accepts full responsibility therefore.

8. Construction. The Release shall be governed by the laws of the State of Illinois. If any of its provisions are held to be invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate any of the other provisions of the Release, it is being intended that the provisions of the Release are severable.

WHEREFORE, Hobgood agrees that he has read and voluntarily entered into this Release with full knowledge of it significance.

WILLIAM P. HOBGOOD	UNITED AIR LINES, INC.:
/s/ William P. Hobgood	By: James E. Goodwin
	Title: Chairman and Chief Executive Officer
Date:3/10/00	Date: 3/10/00

Exhibit 12

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Three Months Ended March 31	
	2000	1999
	(In Millions)	
Earnings:		
Earnings before income taxes	$ 177	$ 123
Losses of affiliates	-	2
Fixed charges, from below	247	244
Undistributed (earnings) losses of affiliates	3	(19)
Interest capitalized	(20)	(19)
Earnings	$ 407	$ 331
Fixed charges:		
Interest expense	$ 98	$ 92
Portion of rental expense representative of the interest factor	149	152
Fixed charges	$ 247	$ 244
Ratio of earnings to fixed charges	1.65	1.36

Exhibit 12.1

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

and Preferred Stock Dividend Requirements

	Three Months Ended March 31	
	2000	1999
	(In Millions)	
Earnings:		
Earnings before income taxes	$ 177	$ 123
Losses of affiliates	-	2
Fixed charges, from below	308	293
Undistributed earnings (losses) of affiliates	3	(19)
Interest capitalized	(20)	(19)
Earnings	$ 468	$ 380
Fixed charges:		
Interest expense	$ 98	$ 92
Preferred stock dividend requirements	61	49
Portion of rental expense representative of the interest factor	149	152
Fixed charges	$ 308	$ 293
Ratio of earnings to fixed charges	1.52	1.30

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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