

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended September 30, 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 October 31, 1999
Common Stock (\$0.01 par value)	53,524,340

UAL Corporation and Subsidiary Companies Report on Form 10-Q

For the Quarter Ended September 30, 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 -----	September 30, 1999 (Unaudited) -----	December 31, 1998 -----
Current assets:		
Cash and cash equivalents	\$ 915	\$ 390
Short-term investments	483	425
Receivables, net	1,500	1,138
Inventories, net	343	384
Deferred income taxes	227	256
Prepaid expenses and other	307	315
	-----	-----
	3,775	2,908
	-----	-----
Operating property and equipment:		
Owned	17,350	16,125
Accumulated depreciation and amortization	(5,257)	(5,174)
	-----	-----
	12,093	10,951
	-----	-----
Capital leases	3,027	2,702
Accumulated amortization	(624)	(599)
	-----	-----
	2,403	2,103
	-----	-----
	14,496	13,054
	-----	-----
Other assets:		
Investments in affiliates	671	304
Intangibles, net	538	676
Aircraft lease deposits	592	545
Prepaid rent	627	631
Other	510	441
	-----	-----
	2,938	2,597
	-----	-----
	\$ 21,209	\$ 18,559
	=====	=====

See accompanying notes to consolidated financial statements.

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

September 30, December 31,

Liabilities and Stockholders' Equity	1999 (Unaudited)	1998

Current liabilities:		
Short-term borrowings	\$ -	\$ 184
Current portions of long-term debt and capital lease obligations	260	274
Advance ticket sales	1,735	1,429
Accounts payable	1,015	1,151
Other	2,940	2,630
	-----	-----
	5,950	5,668
	-----	-----
Long-term debt	2,676	2,858
	-----	-----
Long-term obligations under capital leases	2,391	2,113
	-----	-----
Other liabilities and deferred credits:		
Deferred pension liability	12	89
Postretirement benefit liability	1,543	1,424
Deferred gains	1,004	1,180
Other	1,560	1,123
	-----	-----
	4,119	3,816
	-----	-----
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	100	100
	-----	-----
Equity put options	-	32
	-----	-----
Preferred stock committed to Supplemental ESOP	815	691
	-----	-----
Stockholders' equity:		
Preferred stock	-	-
Common stock at par	1	1
Additional capital invested	4,165	3,517
Retained earnings	2,040	1,028
Unearned ESOP preferred stock	(213)	(121)
Accumulated other comprehensive income	356	(2)
Treasury stock	(1,182)	(1,140)
Other	(9)	(2)
	-----	-----
	5,158	3,281
	-----	-----
Commitments and contingent liabilities (See note)		
	\$ 21,209	\$ 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 September 30	
	-----	-----
	1999	1998
	----	----
Operating revenues:		
Passenger	\$ 4,282	\$ 4,263
Cargo	223	228
Other	340	292
	-----	-----
	4,845	4,783
	-----	-----
Operating expenses:		
Salaries and related costs	1,420	1,350
ESOP compensation expense	175	173
Aircraft fuel	465	470
Commissions	316	354
Purchased services	408	384
Aircraft rent	217	221
Landing fees and other rent	235	221

Depreciation and amortization	214	199
Aircraft maintenance	168	165
Other	608	551
	-----	-----
	4,226	4,088
	-----	-----
Earnings from operations	619	695
	-----	-----
Other income (expense):		
Interest expense	(89)	(92)
Interest capitalized	19	26
Interest income	21	15
Equity in earnings(loss) of affiliates	(1)	19
Miscellaneous, net	(6)	(15)
	-----	-----
	(56)	(47)
	-----	-----
Earnings before income taxes and distributions on preferred securities	563	648
Provision for income taxes	203	222
	-----	-----
Earnings before distributions on preferred securities	360	426
Distributions on preferred securities, net of tax	(1)	(1)
	-----	-----
Net earnings	\$ 359	\$ 425
	=====	=====
Per share, basic:	\$ 6.18	\$ 6.91
	=====	=====
Per share, diluted:	\$ 2.89	\$ 3.71
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30	
	-----	-----
	1999	1998
	----	----
Operating revenues:		
Passenger	\$ 11,951	\$ 11,777
Cargo	658	666
Other	937	837
	-----	-----
	13,546	13,280
	-----	-----
Operating expenses:		
Salaries and related costs	4,249	3,959
ESOP compensation expense	539	663
Aircraft fuel	1,280	1,346
Commissions	890	1,000
Purchased services	1,166	1,098
Aircraft rent	656	672
Landing fees and other rent	703	651
Depreciation and amortization	637	582
Aircraft maintenance	523	462
Other	1,705	1,559
	-----	-----
	12,348	11,992
	-----	-----
Earnings from operations	1,198	1,288
	-----	-----
Other income (expense):		
Interest expense	(273)	(265)
Interest capitalized	56	82
Interest income	44	44
Equity in earnings of affiliates	38	62
Gain on sale of Galileo stock	669	-
Miscellaneous, net	7	(38)
	-----	-----
	541	(115)
	-----	-----
Earnings before income taxes, distributions on preferred		

securities and extraordinary item	1,739	1,173
Provision for income taxes	626	401
	-----	-----
Earnings before distributions on preferred securities and extraordinary item	1,113	772
Distributions on preferred securities, net of tax	(4)	(4)
Extraordinary loss on early extinguishment of debt, net of tax	(3)	-
	-----	-----
Net earnings	\$ 1,106	\$ 768
	=====	=====
Per share, basic:		
Earnings before extraordinary item	\$ 19.44	\$ 11.97
Extraordinary loss on early extinguishment of debt, net	(0.05)	-
	-----	-----
Net earnings	\$ 19.39	\$ 11.97
	=====	=====
Per share, diluted:		
Earnings before extraordinary item	\$ 9.22	\$ 6.57
Extraordinary loss on early extinguishment of debt, net	(0.03)	-
	-----	-----
Net earnings	\$ 9.19	\$ 6.57
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30	
	1999	1998
	-----	-----
Cash and cash equivalents at beginning of period	\$ 390	\$ 295
	-----	-----
Cash flows from operating activities	2,161	2,854
	-----	-----
Cash flows from investing activities:		
Additions to property and equipment	(1,758)	(2,390)
Proceeds on disposition of property and equipment	147	413
Proceeds on sale of common shares in Galileo	766	-
Decrease (increase) in short-term investments	(58)	103
Other, net	(56)	(40)
	-----	-----
	(959)	(1,914)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	286	830
Repayment of long-term debt	(492)	(247)
Principal payments under capital lease obligations	(209)	(271)
Decrease in short-term borrowings	(184)	-
Purchase of equipment certificates under Company operating leases	(47)	(693)
Repurchase of common stock	(42)	(247)
Dividends paid	(11)	(8)
Aircraft lease deposits	(25)	(160)
Other, net	47	8
	-----	-----
	(677)	(788)
	-----	-----
Increase in cash and cash equivalents	525	152
	-----	-----
Cash and cash equivalents at end of period	\$ 915	\$ 447
	=====	=====

Cash paid during the period for:

Interest (net of amounts capitalized)	\$ 180	\$ 163
Income taxes	\$ 224	\$ 129
Non-cash transactions:		
Capital lease obligations incurred	\$ 482	\$ 636
Net unrealized gain on investment in Galileo	\$ 360	\$ -

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 and nine 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. Since January 1999, 2,305,479 shares of Class 1 and Class 2 ESOP Preferred Stock have been committed to be released by the Company.

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.

Operating Property and Equipment

Effective April 1, 1999, United revised its estimate of depreciable lives on certain of its aircraft types to 25 years and increased the residual value of these aircraft to 10 percent. Previously, lives on these aircraft ranged from 20 to 23 years and residual values ranged from 4.5 percent to 7.3 percent. United also shortened the estimated depreciable lives on certain other aircraft from 10 years to 4 years. These changes reduced United's depreciation expense by \$30 million for the nine months ended September 30, 1999.

Per Share Amounts

Basic earnings per share represents net income available to common stockholders divided 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.

Stockholders (Millions)	September 30		September 30	
	1999	1998	1999	1998
Net Income	\$ 359	\$ 425	\$1,106	\$ 768
Preferred stock dividends and other	(31)	(25)	(94)	(77)
Earnings attributable to common stockholders (Basic and Diluted)	\$ 328	\$ 400	\$1,012	\$ 691
Shares (Millions)				
Weighted average shares outstanding (Basic)	53.1	57.9	52.2	57.7
Convertible ESOP preferred stock	59.2	48.4	56.7	45.8
Other	1.0	1.5	1.3	1.6
Weighted average number of shares (Diluted)	113.3	107.8	110.2	105.1
Earnings Per Share				
Basic	\$ 6.18	\$ 6.91	\$19.39	\$11.97
Diluted	\$ 2.89	\$ 3.71	\$ 9.19	\$ 6.57

Segment Information

United has a global route network designed to transport passengers and cargo between Domestic, Pacific, Latin American and European destinations. 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 September 30, 1999						
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	Consolidated Total
Revenue	\$3,340	\$ 722	\$ 201	\$ 571	\$4,834	\$11	\$4,845
Fully distributed earnings before income taxes	\$ 500	\$ 100	\$ 22	\$ 106	\$ 728	\$10	\$ 738

(In Millions)	Three Months Ended September 30, 1998						
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	Consolidated Total
Revenue	\$3,269	\$ 760	\$ 209	\$ 534	\$4,772	\$11	\$4,783
Fully distributed earnings before income taxes	\$ 625	\$ 48	\$ 13	\$ 124	\$ 810	\$11	\$ 821

(In Millions)	Nine Months Ended September 30, 1999						
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	Consolidated Total
Revenue	\$9,421	\$2,006	\$ 587	\$1,500	\$13,514	\$32	\$13,546
Fully distributed earnings before income taxes	\$1,616	\$ 262	\$ 76	\$ 296	\$ 2,250	\$28	\$ 2,278

(In Millions)	Nine Months Ended September 30, 1998						
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	Consolidated Total

Revenue	\$9,057	\$2,165	\$ 625	\$1,400	\$13,247	\$33	\$13,280
Fully distributed earnings before income taxes	\$1,478	\$ 49	\$ 49	\$ 233	\$ 1,809	\$27	\$ 1,836

(In Millions)	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Total fully distributed earnings for reportable segments	\$ 728	\$ 811	\$2,250	\$1,810
UAL subsidiary earnings	10	10	28	26
Less: ESOP compensation expense	175	173	539	663
Total earnings before income taxes, extraordinary item and distributions on preferred securities	\$ 563	\$ 648	\$1,739	\$1,173
	====	====	=====	=====

Included in the nine months ended September 30, 1999 Domestic, Pacific, Latin American and Atlantic fully distributed earnings before income taxes is \$393 million, \$134 million, \$36 million and \$106 million, respectively, of pre-tax gain on the sale of Galileo stock.

Investments in Affiliates

In June 1999, United sold 17,500,000 common shares of Galileo International, Inc. ("Galileo") in a secondary offering for \$766 million, resulting in a pre-tax gain of approximately \$669 million. This sale reduced United's holdings in Galileo from 32 percent to approximately 17 percent, requiring United to discontinue the equity method of accounting for its investment in Galileo. United has classified its remaining 15,940,000 shares of Galileo common stock as available-for-sale. The market value of these shares at September 30, 1999 (\$642 million) is reflected in Investments in Affiliates on the balance sheet and the market value in excess of United's investment is classified net-of-tax (\$359 million) in accumulated other comprehensive income. Equity earnings in Galileo were \$16 million for the three-month period ended September 30, 1998, and \$40 million and \$54 million for the nine-month periods ended September 30, 1999 and 1998, respectively.

United owns approximately 2.1 million depositary certificates in Equant, a provider of international data network services to multinational businesses and a single source for global desktop communications. Each depositary certificate represents a beneficial interest in an Equant common share. These depositary certificates are currently subject to certain transferability restrictions and are carried at their original cost, which is nominal. At September 30, 1999, the estimated fair value of United's investment in Equant is approximately \$171 million.

GetThere.com 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 GetThere.com consisting of convertible preferred stock, warrants and options. After investing \$19 million in exchange for preferred shares and warrants, United's holdings are convertible into an approximate 22 percent equity interest in GetThere.com. In October 1999, GetThere.com filed an initial public offering for 5.0 million common shares. United has participation rights allowing for the purchase of 10 percent of the shares offered in the initial public offering. United accounts for its investment in GetThere.com using the equity method of accounting.

In July 1999, United and Buy.com agreed to form a joint venture (BuyTravel.com) to sell travel on all major airlines, as well as hotels, car rentals and cruises via the Internet. Both United and Buy.com will have a 50 percent interest in BuyTravel.com. United also received warrants exercisable for 2.0 million shares of Buy.com common stock. United will account for its investment in BuyTravel.com using the equity method of accounting.

Other Comprehensive Income

Total comprehensive income for the three- and nine-month periods ending September 30, 1999 was \$222 million and \$1,464 million, respectively, compared to \$426 million and \$768 million for the three- and nine-month periods ending September 30, 1998, respectively. Other comprehensive income (loss) consisted of net unrealized gains (losses) on securities of \$(137) million and \$358 million for the three- and nine-month periods ending September 30, 1999, respectively, and \$1 million for the three-month period ending September 30, 1998. There was no other comprehensive income during the nine-month period ending September 30, 1998.

Retirement and Postretirement Plans

On June 30, 1999, the Company re-measured its pension and postretirement plans due to the addition to the plan of approximately 6,000 public contact employees hired after January 1, 1994 (see "Labor Agreements" in Management's Discussion and Analysis of Financial Condition and Results of Operations). The assumptions used for the re-measurement of the plans were unchanged from December 31, 1998, except for a revision in the discount rate from 7.0% to 7.75%. As of June 30, 1999, the projected benefit obligation and the fair value of plan assets for the pension plans are \$7,472 million and \$7,946 million, respectively. The projected benefit obligation and the fair value of plan assets for the postretirement plans are \$1,512 million and \$114 million, respectively.

Contingencies and Commitments

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

At September 30, 1999, commitments for the purchase of property and equipment, principally aircraft, approximated \$4.7 billion, after deducting advance payments. An estimated \$0.9 billion will be spent during the remainder of 1999, \$1.8 billion in 2000, \$1.6 billion in 2001 and \$0.4 billion in 2002 and thereafter. The major commitments are for the purchase of B777, B747, B767, 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 \$1.398 billion at September 30, 1999, compared to \$815 million at December 31, 1998. Cash flows from operating activities for the nine-month period amounted to \$2.2 billion. Financing activities included principal payments under debt and capital lease obligations of \$492 million and \$209 million, respectively, and \$25 million in aircraft lease deposits. Additionally, the Company issued, and subsequently retired, \$286 million in debt to finance the acquisition of aircraft.

Property additions, including aircraft and aircraft spare parts, amounted to \$1.8 billion, while property dispositions resulted in proceeds of \$147 million. During 1999, United took delivery of two A320, eight A319, four B777, two B757, three B767 and seven B747 aircraft. Fourteen of the aircraft were purchased and twelve were acquired under capital leases. In addition, United acquired two B727 aircraft off-lease during 1999 and retired five DC10 and six B747 aircraft.

United has certain non-core investments with market values substantially in excess of their acquisition cost. It is United's policy to monetize its non-core investments. In June 1999, United sold 17.5 million shares of common stock of Galileo receiving aggregate proceeds of \$766 million. These proceeds will be used to achieve United's financial goals which include investing in its core business, improving its credit worthiness and returning cash to shareholders.

At September 30, 1999, commitments for the purchase of property and equipment, principally aircraft, approximated \$4.7 billion, after deducting advance payments. Of this amount, an estimated \$0.9 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 \$1.198 billion in the nine months ended September 30 1999, compared to \$1.288 billion for the same period in 1998. UAL's net earnings before an extraordinary loss on early extinguishment of debt were \$1.109 billion (\$9.22 per share, diluted), compared to net earnings of \$768 million during the same period of 1998 (\$6.57 per share, diluted). The 1999 nine-month earnings include a pre-tax gain of \$669 million (\$3.88 per share) on the sale of a portion of United's investment in Galileo (see "Investments in Affiliates" in the Notes to Consolidated Financial Statements).

In the third quarter of 1999, UAL's earnings from operations were \$619 million compared to operating earnings of \$695 million in the third quarter of 1998. UAL had net earnings in the 1999 third quarter of \$359 million (\$2.89 per share, diluted), compared to net earnings of \$425 million in the same period of 1998 (\$3.71 per share, diluted).

Management believes that a more complete understanding of UAL's results can 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 (in millions, except per share):

	Three Months Ended				Nine Months Ended			
	September 30, 1999		September 30, 1998		September 30, 1999		September 30, 1998	
	GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed
Net income, before gain on sale and extraordinary item	\$ 359	\$ 456	\$ 425	\$ 516	\$ 681	\$ 993	\$ 768	\$1,152
Per Share, Diluted:								
Earnings before gain on sale and extraordinary item	\$ 2.89	\$ 3.75	\$ 3.71	\$ 4.02	\$ 5.34	\$ 8.16	\$ 6.57	\$ 8.93
Gain on sale	-	-	-	-	3.88	3.43	-	-
Extraordinary item	-	-	-	-	(0.03)	(0.03)	-	-
Per share	\$ 2.89	\$ 3.75	\$ 3.71	\$ 4.02	\$ 9.19	\$11.56	\$ 6.57	\$ 8.93

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 third quarter and first nine months of 1999 are described below.

Third Quarter 1999 Compared with Third Quarter 1998

Operating revenues increased \$62 million (1%) and United's revenue per available seat mile (unit revenue) increased slightly to 10.50 cents compared to 10.39 cents a year ago. Despite a 1% decrease in revenue passenger miles, passenger revenues increased \$19 million (0.4%) due to a 2% increase in yield from 12.10 to 12.29 cents. In addition, third quarter 1998 revenues were favorably impacted by a strike at Northwest airlines. Available seat miles across the system were up slightly over the third quarter of 1998; however, passenger load factor decreased 1.0 point to 75.1%. The following analysis by market is based on information reported to the U.S. Department of Transportation:

	Available Seat Miles (Capacity)	Increase (Decrease) Revenue Passenger Miles (Traffic)	Revenue Per Revenue Passenger Mile (Yield)
Domestic	5%	1%	1%
Pacific	(18%)	(16%)	10%
Atlantic	14%	14%	(7%)
Latin America	(13%)	(4%)	-
System	-	(1%)	2%

Pacific yields improved on capacity reductions in the region and improving Asian economies. Atlantic yield continues to be impacted by a negative pricing environment resulting from excess industry capacity. Improving economic conditions and industry capacity reductions resulted in increased unit revenue in the Latin market although yields remained flat year-over-year.

Cargo revenues decreased \$5 million (2%) despite a slight increase in freight ton miles, as freight yields declined 3% for the period. Other operating revenues increased \$48 million (16%) due to growth in frequent flyer program partner-related revenues and fuel sales to third parties.

Operating expenses increased \$138 million (3%) and United's cost per available seat mile inclusive of ESOP compensation expense increased 3%, from 8.90 cents to 9.18 cents. Without the ESOP compensation expense, United's cost per available seat mile would have been 8.80 cents, an increase of 3% from the 1998 third quarter. Salaries and related costs increased \$70 million (5%) primarily due to increased staffing in certain customer-contact positions. Commissions decreased \$38 million (11%) due to a change in the commission structure implemented in the third quarter of 1998 and lower commissionable revenues. Purchased services increased \$24 million (6%) due to increases in computer reservations fees, credit card discounts and Year 2000 related spending. Depreciation and amortization increased \$15 million (8%) due to an increase in the number of owned aircraft partially offset by changes in depreciable lives of certain aircraft. Other operating expense increased \$57 million (10%) primarily due to costs associated with fuel sales to third parties.

Other expense amounted to \$56 million in the third quarter of 1999 compared to \$47 million in the third quarter of 1998. Interest capitalized decreased \$7 million (27%) as a result of a lower weighted average interest rate. Equity in earnings of affiliates decreased \$20 million primarily due to the sale of the Company's investment in Galileo (see "Investments in Affiliates" in

the Notes to Consolidated Financial Statements).

Nine Months 1999 Compared with Nine Months 1998

Operating revenues increased \$266 million (2%) and United's revenue per available seat mile (unit revenue) remained the same at 10.18 cents. Passenger revenues increased \$174 million (1%) because of a slight increase in yield from 12.45 to 12.50 cents and a 1% increase in United's revenue passenger miles. Available seat miles across the system were up 2%; however passenger load factor decreased 0.6 points to 71.5%. 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%	2%	1%
Pacific	(13%)	(11%)	(2%)
Atlantic	17%	16%	(7%)
Latin America	(7%)	(2%)	(5%)
System	2%	1%	-

Despite improving second and third quarter Pacific yields, weak first quarter demand for travel in Pacific markets continues to negatively impact year-to-date yields. Yields in other international markets have been impacted by a negative pricing environment resulting from excess industry capacity.

Cargo revenues decreased \$8 million (1%) despite increased freight ton miles of 2%. A 2% decline in freight yield together with a 3% lower mail yield, resulted in a 3% decrease in cargo yield for the period. Other operating revenues increased \$100 million (12%) due to increases in frequent flyer program partner-related revenues and fuel sales to third parties.

Operating expenses increased \$356 million (3%) and United's cost per available seat mile, inclusive of ESOP compensation expense increased 1%, from 9.21 cents to 9.29 cents. Without the ESOP compensation expense, United's cost per available seat mile would have been 8.89 cents, an increase of 2% from the 1998 nine-month period. ESOP compensation expense decreased \$124 million (19%), reflecting the decrease in the estimated average fair value of stock committed to the supplemental ESOP as a result of UAL's lower common stock price. Salaries and related costs increased \$290 million (7%) due to ESOP mid-term wage adjustments which took place in July 1998 and increased staffing in certain customer-contact positions. Aircraft fuel decreased \$66 million (5%) due to a 6% decrease in the cost of fuel from 59.4 cents to 55.7 cents a gallon. Commissions decreased \$110 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. Purchased services increased \$68 million (6%) due to increases in computer reservations fees and year 2000 expenses. Depreciation and amortization increased \$55 million (10%) due to an increase in the number of owned aircraft and losses on disposition of aircraft partially offset by changes in depreciable lives of certain aircraft. Aircraft maintenance increased \$61 million (13%) due to an increase in heavy maintenance visits. Other operating expenses increased \$146 million (9%) primarily due to costs associated with fuel sales to third parties.

Other expense amounted to \$128 million in the first nine months of 1999 (excluding the gain on the Galileo transaction - see "Investments in Affiliates" in the Notes to Consolidated Financial Statements) compared to \$115 million in the first nine months of 1998. Interest capitalized decreased \$26 million (32%) as a result of lower advance payments on the acquisition of aircraft and a lower weighted average interest rate. Equity in earnings of affiliates decreased \$24 million (39%) due primarily to the sale of the Company's investment in Galileo.

Miscellaneous, net included foreign exchange gains of \$10 million in 1999 compared to foreign exchange losses of \$24 million in 1998.

LABOR AGREEMENTS

On May 27, 1999, United's public contact employees (primarily customer service and reservations sales and service representatives) ratified the tentative agreement between the Company and the International Association of Machinists and Aerospace Workers ("IAM"). The contract provides for an across-the-board wage increase of 5.5 percent effective April 13, 2000. In addition, certain employees hired after January 1, 1994 received an immediate 14.5% pay increase and benefits comparable to other affected employees. Terms of the contract are amendable in July 2000.

The Company's contracts with the Air Line Pilots' Association International ("ALPA") and the IAM become amendable in April and July 2000, respectively. The Company is currently in the process of negotiating a new contract with ALPA and expects to begin negotiations shortly for a new contract with the IAM. Wage rates for U.S.-based non-union employees will be adjusted in April 2000 as well.

These negotiations and wage rate adjustments are expected to materially increase the Company's salaries and related costs over 1999 levels. At the same time, once the final ESOP shares are committed to be released in April 2000, the Company will no longer record ESOP compensation expense. It is the Company's objective through this wage adjustment process to provide compensation for its employees that, on average over the life of the labor contracts, is competitive with peer group compensation. In this regard, wages for airline employees over the last year have increased at faster than historical rates. Thus, to achieve competitive compensation will result in higher salaries and related costs than the Company originally anticipated.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

During the second quarter, United reinstated its jet fuel-hedging program. This program consists of hedging 100% of probable jet fuel requirements with crude oil purchased call options and fixed price jet fuel contracts. It is United's goal to hedge 100% of probable jet fuel purchases for year 2000 by December 1999. The purchased call options have been designated as a hedge of anticipated jet fuel purchases; accordingly, gains or losses on hedge positions are recognized upon contract expiration as a component of aircraft fuel inventory. At September 30, 1999, United has purchased call options on approximately 1.5 billion gallons of fuel products, which represents 89% of United's anticipated fourth quarter fuel requirements and 26% of its expected year 2000 fuel requirements. At September 30, 1999, United has fixed price purchase contracts for approximately 11% of its anticipated fourth quarter fuel requirements and 6% of its expected 2000 requirements.

During the fourth quarter, United will reinstate its foreign currency hedging program. United's strategy will consist of purchasing put option contracts with little or no intrinsic value in yen, euro, Australian dollars and British pounds. The amount and duration of the options are synchronized to anticipated sales, and thus the put options will be designated as a hedge. A component of this strategy includes selling correlation options in the previously mentioned currencies. These written options will not qualify for hedge accounting treatment and will be marked-to-market with changes in the option's fair value recorded in earnings.

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.

IT systems, Non-IT systems and Critical Business Partners. The Company believes it has successfully completed the five-step readiness plan. The Company

anticipates safe uninterrupted operations of the airlines into the calendar year 2000. Through the remainder of 1999, the Company will continue re-testing mission critical IT systems and non-IT systems.

The Company expects to operate all scheduled domestic flights into the calendar year 2000. The Company is in the process of reviewing the air traffic control and airport systems at international locations to determine if Year 2000 issues warrant cancellation of specific international routes. Some international flights may be cancelled during the New Year weekend due to low passenger demand.

The Company has developed contingency plans for all mission critical business processes by revising existing business interruption contingency plans to address contingencies unique to the Year 2000 date rollover. These contingency plans include performing processes manually, repairing or obtaining replacement systems, changing suppliers and reducing or suspending operations. During the third quarter, the Company conducted airline readiness reviews to ensure that all divisions of the Company have completed their five-step readiness plan, including validating all contingency plans. In addition, the Company will set up a corporate Command Center to monitor and respond to potential Year 2000 issues worldwide.

The Company anticipates that project costs will range between \$80 and \$85 million, with approximately 35% being capitalized. To date the Company has incurred \$74 million in project costs (\$43 million in expense and \$31 million in capital). During 1999, the Company incurred \$45 million in project costs (\$20 million in expense and \$25 million in capital).

AIR CANADA

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On October 19, 1999, the Company announced its intentions, along with Deutsche Lufthansa AG ("Lufthansa"), to provide a financial package of up to 730 million Canadian dollars for Air Canada. United's investment in Air Canada's non-voting convertible preferred shares will be made through an investment partnership owned by UAL (40%) and Lufthansa (60%).

The remaining UAL investment in Air Canada will consist of the purchase from and subsequent leaseback to Air Canada of three Airbus A330 aircraft and a commitment by UAL to guarantee a 160 million Canadian dollar line of credit.

COMMON STOCK DIVIDENDS AND SHARE REPURCHASE

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On November 1, 1999, UAL's Board of Directors approved a plan to begin paying common stock dividends totaling \$1.25 per common share in the year 2000. The payment of dividends is contingent upon stockholder approval of amendments to the Company's charter, which will be voted on at the UAL annual meeting in May 2000. If approved, participants in the Company's ESOP plan will be eligible to receive dividends (\$5.00 per year per ESOP share, as each ESOP share is convertible into four common shares) in the same manner as public stockholders. In addition, the Board of Directors approved the repurchase of up to \$300 million of the Company's common stock.

OUTLOOK

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The Company expects its 1999 system capacity to grow 2%, which is less than the forecasted industry capacity growth rate. Unit revenues are estimated to range between 0.5% and 1% higher than 1998.

Unit costs for 1999, excluding the ESOP charge, are estimated to increase approximately 2%, based on an average fuel price of approximately 57.5 cents per gallon including taxes. Among the factors affecting costs will be the cap in international commissions instituted last year, the decrease in commissions instituted this year and the level of spending on Year 2000 (see "Update of Year 2000 Readiness").

The Company forecasts 1999 earnings to range between \$9.75 and \$10.05 per Fully Distributed share. The forecasted range of Fully Distributed earnings per share excludes the impact of the gain on sale of 17.5 million

shares of Galileo.

The Company expects the positive trends underlying July and August's strong performance to continue in the fourth quarter. Therefore, the Company expects fourth quarter Fully Distributed earnings per share to improve upon last year's \$1.52, and range between \$1.60 and \$1.90.

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 the "Update on Year 2000 Readiness" and the "Outlook for 1999" sections is forward-looking and actual results could differ materially from expected results. Factors that could significantly impact expected capacity, unit revenues, Fully Distributed unit costs, fuel prices and Fully Distributed earnings per share include: industry capacity decisions, the airline pricing environment, fuel prices, actions of travel agents, the success of the Company's cost-control efforts, actions of the U.S., foreign and local governments, willingness of customers to travel, the Pacific economic environment and travel patterns, foreign currency exchange rate fluctuations, the stability of the U.S. economy, UAL common stock price fluctuations, the economic environment of the airline industry and the global economic environment. Some factors that could significantly impact the Company's expected Year 2000 readiness and the estimated cost thereof include: the effectiveness of the Company's contingency plans if such plans are needed, and the sufficiency and effectiveness of the Year 2000 programs of the Company's 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 and "Financial Instruments and Risk Management" in Management's Discussion and Analysis of Financial Condition and Results of Operations. Significant changes which have occurred since year-end are as follows:

Foreign Currency Risk -

September 30, 1999			
(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
			(Pay)/Receive)*
Forward exchange contracts			
Japanese Yen - Purchased forwards	\$ 113	107.11	\$ 1
- Sold forwards	\$ 62	105.92	\$ -
Hong Kong Dollar - Sold forwards	\$ 77	7.85	\$ (1)
French Franc - Purchased forwards	\$ 50	5.05	\$ (1)
Euro - Purchased forwards	\$ 117	1.37	\$ (3)
Currency options			
Japanese Yen - Call options	\$ 30	114.80	\$ (3)
- Put options	\$ 30	115.57	\$ -

September 30, 1999			
(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
			(Pay)/Receive)*
Purchased call contracts - Crude oil	\$ 772	\$20.02/bbl	\$ 130

*Estimated fair values represent the amount United would pay/receive on September 30, 1999 to terminate the contracts.

PART II. OTHER INFORMATION

Item 5. Other Information.

On September 23, 1999, the Board of Directors of UAL Corporation approved an amendment to the by-laws of UAL Corporation, to require advance notice if a stockholder wishes to propose business or nominate a public director at the annual meeting of stockholders. The by-laws now provide that a stockholder of record may propose business for the annual meeting of stockholders, if the stockholder has given written notice to the Secretary not less than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders. The notice must include the proposed business and certain other information required by the by-laws, such as name, address, and share holdings. No business proposed by a stockholder can be transacted at the annual meeting of stockholders unless the notice satisfies the requirements of the by-laws.

A common stockholder of record may nominate candidates for election as public directors to the Board of Directors at the annual meeting of stockholders by giving written notice to the Secretary. The notice must be received not later than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders, or with respect to a special meeting, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the stockholders' meeting was mailed or public disclosure of the date of the stockholders' meeting was made, whichever first occurs. The notice of nomination must contain the information required by the by-laws. No nomination by a stockholder will be considered unless the notice satisfies the requirements of the by-laws.

Accordingly, in order for a stockholder of record to propose business or nominate a public director at the year 2000 annual meeting of stockholders, proper notice must be submitted no later than January 19, 2000. If a stockholder of record wishes to submit a proposal for inclusion in the Company's proxy statement and proxy card for the year 2000 annual meeting, the proposal must be submitted no later than November 23, 1999 and comply with the SEC rules. Proposals must be submitted to the Secretary, Francesca M. Maher, UAL Corporation, P.O. Box 66919, Chicago, Illinois 60666. The amended and restated by-laws of UAL Corporation are attached to this Form 10-Q as Exhibit 3.2.

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 July 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.

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: November 11, 1999

Exhibit Index

Exhibit No. -----	Description -----
3.2	By-laws of UAL Corporation
10.1	Form of Restricted Stock Agreement, dated as of July 13, 1999, between UAL Corporation and each of Rono Dutta, Douglas A. Hacker, and Andrew P. Studdert
10.2	Letter Agreement No. 6-1162-BRB-400 to the Agreement dated December 18, 1990 between Boeing and United Air Lines, Inc. ("United") (and United Worldwide Corporation) 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, (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, (ix) Exhibits 10.38 through 10.43 to UAL's Form 10-K for the year ended December 31, 1998, and (x) Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 1999 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

AMENDED AND RESTATED BYLAWS
OF
UAL CORPORATION
(as amended September 23, 1999)

ARTICLE 1
DEFINITIONS

As used in these Restated Bylaws, unless the context otherwise requires, the following terms shall have the following meanings:

1.1 "Assistant Secretary" means an Assistant Secretary of the Corporation.

1.2 "Assistant Treasurer" means an Assistant Treasurer of the Corporation.

1.3 "Board" means the Board of Directors of the Corporation.

1.4 "Board Committees" has the meaning defined in the Restated Certificate.

1.5 "Chairman" means the Chairman of the Board of Directors of the Corporation.

1.6 "Chief Executive Officer" means the Chief Executive Officer of the Corporation.

1.6.1 "Common Stock" has the meaning defined in the Restated Certificate.

1.7 "Corporation" means UAL Corporation.

1.8 "Director" means a director of the Corporation.

1.9 "Effective Time" has the meaning defined in the Restated Certificate.

1.10 "Entire Board" means all Directors of the Corporation who would be in office if there were no vacancies.

1.11 "General Counsel" means the General Counsel of the Corporation.

1.12 "GCL" means the General Corporation Law of the State of Delaware, as amended from time to time.

1.13 "Management Public Director" has the meaning defined in the Restated Certificate.

1.14 "President" means the President of the Corporation.

1.14.1 "Public Directors" has the meaning defined in the Restated Certificate.

1.15 "Restated Certificate" means the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

1.16 "Restated Bylaws" means the Amended and Restated Bylaws of the Corporation, as amended from time to time.

1.17 "Secretary" means the Secretary of the Corporation.

1.18 "Stockholders" means the stockholders of the Corporation.

1.19 "Subsidiary" has the meaning defined in the Restated Certificate.

1.20 "Substantive Amendment" has the meaning defined in the Resided Certificate.

1.21 "Termination Date" has the meaning defined in the Restated Certificate.

1.22 "Treasurer" means the Treasurer of the Corporation.

1.23 "Union Directors" means the meaning defined in the Restated Certificate.

1.24 "Vice President" means a Vice President of the

ARTICLE 2

Stockholders' Meetings

2.1 Annual Meeting. A meeting of Stockholders shall be held annually for the election of Directors and the transaction of other business at an hour and date as shall be determined by the Board and designated in the notice of meeting.

2.2 Special Meetings.

(a) Until the Termination Date, a special meeting of Stockholders may be called at any time by (i) the Board, (ii) any two Directors, (iii) the Chief Executive Officer or (iv) the Secretary. At any special meeting of Stockholders only such business may be transacted as is related to the purpose or purposes of such meeting set forth in the notice thereof given pursuant to Section 2.4.*

(b) Upon the occurrence of the Termination Date, subject to the Restated Certificate, a special meeting of the Stockholders may be called only by the Board, and at an hour and date as shall be determined by them.

2.3 Place of Meetings. All meetings of Stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be fixed by the Board or as specified or fixed in the respective notices.

2.4 Notices of Stockholders' Meetings. Except as otherwise provided in Section 2.5 or otherwise required by the Restated Certificate or applicable law, written notice of each meeting of Stockholders, whether annual or special, shall be given to each Stockholder required or permitted to take any action at or entitled to notice of such meeting not less than ten nor more than sixty days before the date on which the meeting is to be held, by delivering such notice to him, personally or by mail. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid, directed to the Stockholder at his address as it appears on the stock books of the Corporation. Every notice of a meeting of Stockholders shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called.

* An asterisk indicates those Sections or Subsections of these Restated Bylaws, the Substantive Amendment of which will require, until the Termination Date, a special vote of either the Board or the Stockholders, as provided in the Restated Certificate.

2.5 Waivers of Notice. Notwithstanding any other provision in these Restated Bylaws, notice of any meeting of Stockholders shall not be required as to any Stockholder who shall attend such meeting in person or be represented by proxy, except when such Stockholder attends such meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at such meeting because the meeting is not lawfully called or convened. If any Stockholder shall, in person or represented by proxy, waive notice of any meeting, whether before or after such meeting, notice thereof shall not be required as to such Stockholder.

2.6 Quorum Requirements and Required Vote at Stockholder Meetings.

(a) Except as otherwise required by applicable law, until the Termination Date, the quorum requirements at any meeting of Stockholders shall be as set forth in the Restated Certificate.*

(b) Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, upon the occurrence of the Termination Date, at all meetings of Stockholders the presence, in person or represented by proxy, of the holders of outstanding shares representing at least one-third of the total voting power entitled to vote at a meeting of Stockholders shall constitute a quorum for the transaction of business; provided, however, that where a separate vote of a class or classes or series of stock is required the presence in person or represented by proxy of the holders of outstanding shares representing at least one-third of the total voting power of all outstanding shares of such class or classes or series shall constitute a quorum thereof entitled to take action with

respect to such separate vote.

(c) Except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, including, without limitation, Section 3.3 hereof, the affirmative vote of at least a majority in voting power of the shares present in person or represented by proxy and entitled to vote thereon at a meeting of Stockholders at which a quorum is present shall be the act of the Stockholders.*

(d) The holders of a majority in voting power of the shares entitled to vote and present in person or represented by proxy at any meeting of Stockholders, whether or not a quorum is present, may adjourn such meeting to another time and place. At any such adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the meeting as originally called. Unless otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, no notice of an adjourned meeting need be given.

2.7 Proxies. Each Stockholder entitled to vote at a meeting of Stockholders may authorize another person or persons to act for him by proxy, but such proxy shall no longer be valid eleven months after the date of such proxy.

2.8 Judges. At every meeting of Stockholders, the votes shall be conducted by two judges appointed for that purpose by the Board or, failing such appointment, appointed by the affirmative vote of a majority in voting power of the Stockholders present in person or represented by proxy at the meeting. All questions with respect to the qualification of voters, the validity of the proxies and the acceptance or rejection of votes shall be decided by such judges. Before acting at any meeting, the judges shall be sworn faithfully to execute their duties with strict impartiality and according to the best of their ability. If any judge appointed to act at any meeting shall fail to be present or shall decline to act, the Stockholders at the meeting present in person or represented by proxy shall, by the affirmative vote of the holders of at least a majority in voting power of the stock present in person or represented by proxy and entitled to vote thereon, appoint another judge to act in his place.

2.9 Conduct of Stockholders' Meetings. The Chairman or, in his absence, a Director or officer designated by the Chairman, shall preside at all meetings of Stockholders and may establish such rules of procedure for conducting the meetings as he deems fair and reasonable.

2.10 Proposing Business or Nominating Public Directors at Stockholders' Meetings.

(a) No business may be transacted at an annual meeting of Stockholders unless (1) specified in the notice of such meeting or any supplement thereto, given by or at the direction of the Board (or any duly authorized Board Committee); (2) otherwise properly brought before the annual meeting by or at the direction of the Board (or any duly authorized Board Committee); or (3) otherwise properly brought before the annual meeting by any Stockholder who (A) is a Stockholder of record on the date of the giving of the notice provided for in this Section 2.10 and, as of the record date for the determination of Stockholders, is entitled to vote at such annual meeting on the matter that is being brought before the meeting by such Stockholder, and (B) complies with the notice procedures set forth in this Section 2.10.

(b) To the fullest extent permitted by law, only persons who satisfy the qualification requirements set forth in Article Fifth of the Restated Certificate shall be eligible for election as Public Directors of the Corporation. Nominations for Public Directors may be made at any annual meeting of Stockholders or at any special meeting of Stockholders called for the purpose of electing Public Directors (the annual meeting or such special meeting herein called the "Stockholders' Meeting"), (1) by or at the direction of the Board (or any duly authorized Board Committee), or (2) by any Stockholder who (A) is a Stockholder of record on the date of the giving of the notice provided for in this Section 2.10 and, as of the record date for the determination of Stockholders, is entitled to vote at such Stockholders' Meeting on the election of Public Directors, and (B) complies with the notice procedures set forth in this Section 2.10.

(c) In addition to any other applicable requirements for business to be properly brought before, or for a nomination of a Public Director to be made at, a Stockholders' Meeting by a

Stockholder, such Stockholder must have given timely notice in writing to the Secretary. For a Stockholders' meeting that is an annual meeting, a timely written notice must be delivered to, or mailed to and received by, the Secretary at the principal executive offices of the Corporation not less than one hundred-twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of Stockholders. In the event the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, or if the Stockholders' Meeting is a special meeting, notice by the Stockholder, in order to be timely, must be received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Stockholders' Meeting was mailed or public disclosure of the date of the Stockholders' Meeting was made, whichever first occurs.

(1) When proposing business other than the election of Public Directors, a Stockholder's notice must set forth (A) a brief description of the business desired to be brought before the Stockholders' Meeting and the reasons for conducting such business at the Stockholders' Meeting, (B) the name and record address of such Stockholder, (C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such Stockholder, (D) a description of all arrangements or understandings between such Stockholder and any other person or persons (including their names) in connection with the proposal of such business by such Stockholder and any material interest of such Stockholder in such business and (E) a representation that such Stockholder intends to appear in person or by proxy at the Stockholders' Meeting to bring such business before the meeting.

(2) When proposing to nominate a Public Director, a Stockholder's notice to the Secretary must set forth (A) as to each person whom the Stockholder proposes to nominate for election as a Public Director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person, (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, and (v) such other information as may be reasonably necessary to permit the Corporation to determine that (y) the person satisfies the qualification requirements of the Restated Certificate and (z) no violation of the Clayton Act will occur; and (B) as to the Stockholder giving notice, (i) the name and record address of such Stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such Stockholder, (iii) a description of all arrangements or understandings between such Stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such Stockholder, (iv) a representation that such Stockholder intends to appear in person or by proxy at the Stockholders' Meeting to nominate the persons named in its notice and (v) any other information relating to such Stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Public Directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a Public Director if elected.

(3) At a Stockholders' Meeting that is a special meeting, a Stockholder may not propose any business other than the election of Public Directors, and then only if such meeting has been called for the purpose of electing Public Directors.

(4) Nominations for directors who are not Public Directors shall only be made by the holders of the class of stock eligible to elect such class of director, and then only in accordance with the procedures and qualification requirements of the Restated Certificate and any stockholder agreements applicable to such nomination process.

(d) If the Chairman of the Stockholders' Meeting determines

that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the Stockholders' Meeting that the nomination was defective and such defective nomination shall be disregarded.

(e) No business shall be conducted at a Stockholders' Meeting except business brought before the Stockholders' Meeting in accordance with the procedures set forth in Article 2 of these Restated Bylaws; provided, however, that, once business has been properly brought before the Stockholders' Meeting in accordance with such procedures, nothing in this Section 2.10 shall be deemed to preclude discussion by any Stockholder of any such business. If the Chairman of a Stockholders' Meeting determines that business was not properly brought before the Stockholders' Meeting in accordance with the foregoing procedures, the Chairman shall declare to the Stockholders' Meeting that the business was not properly brought before the meeting and such business shall not be transacted.

ARTICLE 3

Board Of Directors

3.1 Number, Composition and Term of Office. The number of Directors on the Board, the composition of the Board and term of office of Directors shall be as provided in the Restated Certificate.*

3.2 Nomination of the Chief Executive Officer as a Management Public Director. Until the Termination Date, subject to the fiduciary obligations of the Directors, one of the Management Public Directors nominated by the Board in accordance with Section 2.5 of Article Fifth of the Restated Certificate shall be the Chief Executive Officer.*

3.3 Election. Except as otherwise required by applicable law or the Restated Certificate, and notwithstanding Section 2.6(c) hereof, Directors shall be elected by a plurality of the votes cast at a meeting of Stockholders by the holders of shares entitled to vote on their election.*

3.4 Place of Meetings. Meetings of the Board may be held either within or without the State of Delaware.

3.5 Organization Meeting. The Board shall meet as soon as practicable after each annual meeting of Stockholders at the place of such annual meeting for the purpose of organization and the transaction of other business. No notice of such meeting of the Board shall be required. Such organization meeting may be held at any other time or place specified in a notice given as hereinafter provided for special meetings of the Board, or in a consent and waiver of notice thereof, signed by all of the Directors.

3.6 Stated Meetings. The Board may from time to time, by resolution adopted by the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board, appoint the time and place for holding stated meetings of the Board; and such meetings shall thereupon be held at the time and place so appointed, without the giving of any special notice with regard thereto. In case the day appointed for a stated meeting shall fall upon a legal holiday, such meeting shall be held on the next following day, not a legal holiday, at the regularly appointed hour. Any and all business may be transacted at any stated meeting; provided however, no business may be transacted at any stated meeting which under the Restated Certificate may be taken by the Board only with a greater or additional vote of the Board or any class of Directors than that provided for in Section 2.11 of Article Fifth of the Restated Certificate, including, without limitation, any business that is subject to Section 3 of Article Fifth of the Restated Certificate, unless a description of such business is set forth in a notice of meeting given in accordance with Section 3.8.*

3.7 Special Meetings. Special meetings of the Board shall be held whenever called by any two Directors or by the Chairman, or, in the event that the office of the Chairman is vacant by the President. Notice of a special meeting shall set forth a description of such meeting and be sent to the Directors as provided in Section 3.8. The only business that may be transacted at such meeting shall be the business as described in such notice.*

3.8 Notices of Board Meetings. Notice of any special meeting or, to the extent required pursuant to Section 3.6, stated meeting shall be sent to each Director at his residence or usual place of business either (a) by reputable overnight

delivery service in circumstances to which such service guarantees next day delivery, not later than five business days before the day of such meeting, or (b) by facsimile, telex, telegram or electronic mail, not later than two business days before the day of such meeting. If sent by overnight delivery service, such notice shall be deemed to be given when delivered to such service; if sent by facsimile, telex, telegram or electronic mail, such notice shall be deemed to be given when transmitted. Notice of any meeting of the Board need not however be given to any Director, if waived by him in writing or if, subject to applicable law, he shall be present at the meeting. Any meeting of the Board shall be a legal meeting without any notice thereof having been given if all of the Directors shall be present thereat, except when a Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.*

3.9 Quorum and Manner of Acting.

(a) Until the Termination Date, the quorum requirements for meetings of the Board and the vote required for Board action shall be as provided in the Restated Certificate.*

(b) Upon the occurrence of the Termination Date, except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, the presence of at least one-third of the Directors in office at the time of any organization, stated or special meeting of the Board shall constitute a quorum for the transaction of business; and, except as otherwise required by applicable law, the Restated Certificate or these Restated Bylaws, the affirmative vote of a majority of the votes entitled to be cast by the Directors present at any meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum, the affirmative vote of a majority of the votes entitled to be cast by the Directors present may adjourn any meeting, from time to time, until a quorum is present.

3.10 Telephone Meetings. Directors or members of any committee of the Board may participate in a meeting of the Board or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.10 shall constitute presence in person at such meeting.*

3.11 Chairman of the Board Pro Tempore. In the absence of both the Chairman and the Chief Executive Officer at any meeting of the Board, the Board may appoint from among its members a Chairman of the Board pro tempore, who shall preside at such meeting, except where otherwise provided by law.

3.12 Removal of Directors.

(a) Until the Termination Date, any Director may be removed without cause or for cause as provided in the Restated Certificate.*

(b) Upon the occurrence of the Termination Date, (i) any Director may be removed without cause at any time only by the affirmative vote of the holders of a majority in voting power of the shares of the class or classes or series of stock that are entitled to vote for the election of such Director, voting separately as a class or series, and (ii) any Director or the entire Board may be removed for cause as provided under the GCL.

3.13 Additional Qualification of Directors. No person shall be eligible for election as a Director if at the time of such election such person is 70 or more years of age.

3.14 Vacancies on the Board.

(a) Until the Termination Date, vacancies on the Board may only be filled as provided in the Restated Certificate.*

(b) Upon the occurrence of the Termination Date, except as otherwise provided in the Restated Certificate, any vacancy on the Board caused by the removal, either for or without cause, of a Director may be filled by the Stockholders entitled to vote thereon at the meeting at which such Director is removed or at any subsequent meeting. Upon the occurrence of the Termination Date, except as otherwise provided in the Restated Certificate, in case of any increase in the authorized number of Directors, unless such increase is created by reason of the failure to pay dividends on some class or classes or series of stock of the Corporation, or of any vacancy created by the death or

resignation of a Director, unless such vacancy arises in any Directorship created by reason of a failure to pay dividends on some class or classes or series of stock of the Corporation, then, the additional Director or Directors may be elected, or, as the case may be, the vacancy or vacancies may be filled, either (a) by the Board by the affirmative vote of a majority of the votes entitled to be cast by the Directors then in office, although less than a quorum, or (b) by a plurality of the votes cast by the Stockholders entitled to vote thereon, either at an annual meeting or at a special meeting called for such purpose at which a quorum is present.

3.15 Directors' Fees. The Board shall have authority to determine, from time to time, the amount of compensation that shall be paid to its members for attendance at meetings of the Board or of any committee of the Board, which compensation may be payable currently or deferred.

ARTICLE 4

Board Committees

4.1 Designation.

(a) Until the Termination Date, the designation of Board Committees shall be as provided in the Restated Certificate.*

(b) So far as practicable, members of each committee of the Board shall be appointed annually at the organization meeting of the Board.

(c) Upon the occurrence of the Termination Date, except as otherwise provided in the Restated Certificate, the Board may, by resolution adopted by the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board designate one or more committees of the Board, each such committee to consist of one or more Directors. Upon the occurrence of the Termination Date, except as otherwise provided in the Restated Certificate, unless sooner discharged by the affirmative vote of a majority of the votes entitled to be cast by the entire Board, members of each committee of the Board shall hold office until the organization meeting of the Board in the next subsequent year and until their respective successors are appointed. Each committee of the Board shall have power to appoint one of its members to act as chairman of such committee by the affirmative vote of a majority of the votes entitled to be cast by all of the members of such committee.

4.2 Meetings.

(a) Stated meetings of any committee of the Board shall be held at such times and at such places as shall be fixed, from time to time, by resolution adopted by the Board or by the affirmative vote of a majority of the votes entitled to be cast by the members of such committee of the Board and upon notification pursuant to Section 4.3 to all the members of such committee. In the case the day appointed for a stated meeting shall fall upon a legal holiday, such meeting shall be held on the next following day, not a legal holiday, at the appointed hour. Any and all business may be transacted at any stated meeting of any committee of the Board; provided, however, no business may be transacted at any stated meeting of any committee of the Board which under the Restated Certificate may be taken by such committee only with a greater or additional vote of such committee or any class of Directors than that provided for in Section 4.1.12 of Article Fifth of the Restated Certificate, unless a description of such business is set forth in a notice of meeting given in accordance with Section 4.3.*

(b) Special meetings of any committee of the Board may be called at any time by the chairman of such committee or by any two members of the committee. Notice of a special meeting of any committee of the Board shall set forth a description of the business to be transacted at such meeting and be sent to the members of such committee of the Board as provided in Section 4.3.

The only business that may be transacted at such meeting shall be the business as described in such notice.*

4.3 Notice of Board Committee Meetings. Notice of any special meeting of any committee of the Board or, to the extent required pursuant to Section 4.2(a), stated meeting of any committee of the Board shall be sent to each member of such committee at his residence or usual place of business either (a) by reputable overnight delivery service in circumstances to which such service guarantees next day delivery, not later than five

business days before the day of such meeting, or (b) by facsimile, telex, telegram or electronic mail, no later than two business days before the day of such meeting. If sent by overnight delivery service, such notice shall be deemed to be given when delivered to such service; if sent by facsimile, telex, telegram or electronic mail, such notice shall be deemed to be given when transmitted. Notice of any meeting of a committee of the Board need not however be given to any member of such committee, if waived by him in writing or if, subject to applicable law, he shall be present at the meeting. Any meeting of a committee of the Board shall be a legal meeting without any notice thereof having been given if all of the members shall be present thereat except when a Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.*

4.4 Place of Meetings. Meetings of any committee of the Board may be held either within or without the State of Delaware.

4.5 Quorum and Voting Requirements of Board Committees.

(a) Until the Termination Date, the quorum and voting requirements of Board Committee meetings shall be as provided in the Restated Certificate.*

(b) Upon the occurrence of the Termination Date, the presence of Directors entitled to cast at least a majority of the aggregate number of votes entitled to be cast by all Directors on a committee of the Board shall constitute a quorum for the transaction of business, and any act of a committee of the Board shall require the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of such committee at which a quorum is present.

(c) Upon the occurrence of the Termination Date, members of a committee of the Board present at a meeting of such committee, whether or not constituting a quorum, may unanimously appoint other Directors to act at such meeting in place of absent members (other than Employee Directors). The members of any committee of the Board shall act only as a committee of the Board, and the individual members of the Board shall have no power as such.

4.6 Records. Each Board Committee shall keep a record of its acts and proceedings and shall report the same, from time to time, to the Board. The Secretary, or, in his absence, an Assistant Secretary, shall act as secretary to each Board Committee, or a Board Committee may, in its discretion, appoint its own secretary.

4.7 Vacancies.

(a) Until the Termination Date, the filing of vacancies on any Board Committee shall be as provided in the Restated Certificate.*

(b) Upon the occurrence of the Termination Date, except as otherwise provided in the Restated Certificate, any vacancy in any committee of the Board shall be filled by the affirmative vote of a majority of the votes entitled to be cast by the entire Board.

4.8 Executive Committee.

(a) Until the Termination Date, the composition, function and powers of the Executive Committee shall be as provided in the Restated Certificate.*

(b) Upon the occurrence of the Termination Date, in addition to any requirements set forth in the Restated Certificate, an Executive Committee shall be appointed, to consist of the Chairman, ex officio, and two or more other Directors; provided, however, that (i) each of the Union Directors shall be members of the Executive Committee and (ii) at least a majority of the Executive Committee shall consist of Directors who are neither officers nor employees of the Corporation or of any of its affiliated corporations.

(c) Upon the occurrence of the Termination Date, subject to the provisions of the GCL, the Executive Committee shall have and may exercise all the powers of the Board in the management of the business and affairs of the Corporation, including, without limitation, the power to authorize the seal of the Corporation to be affixed to all papers that may require it; provided, that neither the Executive Committee nor any other committee of the Board shall be authorized to (i) elect any officer designated as such in Section 5.1 or to fill any vacancy in any such office, (ii) designate the Chief Executive Officer, (iii) fill any

vacancy in the Board or any newly created Directorship, (iv) amend these Restated Bylaws or (v) take any action that under these Restated Bylaws is required to be taken by vote of a specified proportion of the entire Board or of the Directors at the time in office.

(d) Upon the occurrence of The Termination Date, subject to any provision in the Restated Certificate, any action herein authorized to be taken by the Executive Committee and which is duly taken by it in accordance herewith shall have the same effect as if such action were taken by the Board. Upon the occurrence of the Termination Date, with the exception of members who are also elected officers designated as such in Section 5.1, no member may serve on the Executive Committee more than three consecutive years, but may again serve after an intervening period of at least one year.

ARTICLE 5

Officers, Employees and Agents: Powers And Duties

5.1 Officers.

(a) Until the Termination Date, to the extent provided therein, the appointment of officers of the Corporation shall be as provided in the Restated Certificate.*

(b) Until the Termination Date, to the extent not otherwise provided in the Restated Certificate, and upon the occurrence of the Termination Date, the officers of the Corporation, who shall be elected by the Board, may be a Chairman of the Board (who shall be a Director) and a Treasurer, and shall be a Chief Executive Officer (who shall be a Director), a President, one or more Vice Presidents, a General Counsel and a Secretary. The Board may also elect such other officers and select such other employees or agents as, from time to time, may appear to be necessary or advisable in the conduct of the affairs of the Corporation. Any officer may also be elected to another office or offices.*

5.2 Term of Office.

(a) Until the Termination Date, the term of office for officers of the Corporation shall be as provided in the Restated Certificate.*

(b) Upon the occurrence of the Termination Date, so far as practicable, each officer shall be elected at the organization meeting of the Board in each year, and shall hold office until the organization meeting of the Board in the next subsequent year and until his successor is chosen or until his earlier death, resignation or removal in the manner hereinafter provided.

5.3 Removal of Officers.

(a) Until the Termination Date, removal of officers of the Corporation shall be as provided in the Restated Certificate; provided, however, that the term of office of the Chief Executive Officer (other than the first Chief Executive Officer following the Effective Time) shall automatically terminate if following his appointment or proposed appointment as Chief Executive Officer he is not elected as a Management Public Director by the Stockholders entitled to vote thereon at the first meeting for the election of Directors at which he is eligible for nomination is a Management Public Director under Subsection 2.3 of Article Fifth of the Restated Certificate. Such automatic termination shall not be applicable in the event that the Chief Executive Officer is not elected as a Management Public Director by the Stockholders entitled to vote thereon at any meeting following such first meeting.*

(b) Upon the occurrence of the Termination Date, any officer may be removed at any time, either for or without cause, by the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board, at any meeting called for that purpose.

5.4 Vacancies.

(a) Until the Termination Date, vacancies in any office of the Corporation shall be filled as provided in the Restated Certificate. *

(b) Upon the occurrence of the Termination Date, if any vacancy occurs in any office, the Board may elect a successor to

fill such vacancy for the remainder of the term.

5.5 Chief Executive Officer. The Chief Executive Officer shall have general and active control of the business and affairs of the Corporation. He shall have general power (a) to execute bonds, deeds and contracts in the name of the Corporation, (b) to affix the corporate seal, (c) to sign stock certificates, (d) subject to the provisions of the Restated Certificate, these Restated Bylaws and the approval of the Board, to select all employees and agents of the Corporation whose selection is not otherwise provided for and to fix the compensation thereof, (e) to remove or suspend any employee or agent who shall not have been selected by the Board, (f) to suspend for cause, pending final action by the Board any employee or agent who shall have been selected by the Board and (g) to exercise all the powers usually and customarily performed by the chief executive officer of a corporation.

5.6 Chairman of the Board.

(a) The Board may elect a Director as Chairman of the Board. Until the Termination Date, so long as the Chief Executive Officer is a Director, he shall also be the Chairman of the Board.*

(b) The Chairman shall preside at all meetings of Stockholders and of the Board at which he may be present. The Chairman shall have such other powers and duties as he may be called upon by the Board to perform.

5.7 President. The President, if not designated as Chief Executive Officer of the Corporation, shall perform such duties as are delegated by the Board, the Chairman or the Chief Executive Officer. In the event of the absence, disability or vacancy in the office of the Chief Executive Officer, the President shall act in the place of the Chief Executive Officer with authority to exercise all his powers and perform his duties. In the event no Treasurer is elected, the President shall also have the duties of the Treasurer specified in these Restated Bylaws.

5.8 Vice Presidents and Other Officers. The several Vice Presidents and other elected officers, including, without limitation, the General Counsel, shall perform all such duties and services as shall be assigned to or required of them, from time to time, by the Board, or the Chief Executive Officer, respectively. In the event of the absence or disability of both the Chairman and the Chief Executive Officer, the President may designate one of the several Vice Presidents to act in his place with authority to exercise all of his powers and perform his duties, provided that the Board may change such designation, or if the President fails or is unable to make such designation, the Board may make such designation at a regular or special meeting called for that purpose.

5.9 Secretary. The Secretary shall attend to the giving of notice of all meetings of Stockholders and the Board and shall keep and attest true records of all proceedings thereat. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation, except those which are hereinafter directed to be in charge of the Treasurer. He shall have authority to sign stock certificates and shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence of the Secretary, an Assistant Secretary or Secretary pro tempore shall perform his duties.

5.10 Treasurer. The Treasurer, if any, shall be responsible for the collection, receipt, care, custody and disbursement of the funds of the Corporation and shall deposit or cause to be deposited all funds of the Corporation in and with such depositories as the Board shall, from time to time, direct. He shall have the care and custody of all securities owned by the Corporation, and shall deposit such securities with such banks or in such safe deposit vaults, and under such controls, as the Board shall, from time to time, direct. He shall disburse funds of the Corporation on the basis of vouchers properly approved for payment by the controller of the Corporation or his duly authorized representative. He shall be responsible for the maintenance of detailed records of cash and security transactions and shall prepare such reports thereof as may be required. He shall have the power to sign stock certificates and to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial paper payable to the Corporation and to give proper receipts or discharges therefor. He shall have such other duties as are commonly incidental to the

office of treasurer of a corporation. In the absence of the Treasurer, an Assistant Treasurer shall perform his duties.

5.11 Additional Powers and Duties. In addition to the foregoing especially enumerated duties and powers, the officers of the Corporation shall perform such other duties and exercise such further powers as may be provided in these Restated Bylaws or as the Board may, from time to time, determine or as may be assigned to them by any competent superior officer.

5.12 Compensation. Except as otherwise provided in the Restated Certificate, the compensation of all officers of the Corporation shall be fixed, from time to time, by the Board.

ARTICLE 6

Stock And Transfers Of Stock

6.1 Stock Certificates. Every Stockholder shall be entitled to a certificate signed by the Chairman or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by such Stockholder in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, Transfer Agent or Registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, Transfer Agent or Registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, Transfer Agent or Registrar at the date of issuance.

6.2 Transfer Agents and Registrars. The Board may, in its discretion, appoint responsible banks or trust companies in the Borough of Manhattan, in the City of New York, State of New York, and in such other city or cities as the Board may deem advisable, from time to time, to act as Transfer Agents and Registrars of the stock of the Corporation; and, when such appointments shall have been made, no stock certificate shall be valid until countersigned by one of such Transfer Agents and registered by one of such Registrars.

6.3 Transfers of Stock. Except as otherwise provided in the Restated Certificate, and subject to any other transfer restriction applicable thereto, shares of stock may be transferred by delivery of the certificates therefor, accompanied either by an assignment in writing on the back of the certificates or by written power of attorney to sell, assign and transfer the same, signed by the record holder thereof; but no transfer shall affect the right of the Corporation to pay any dividend upon the stock to the holder of record thereof, or to treat the holder of record as the holder in fact thereof for all purposes, and no transfer shall be valid, except between the parties thereto, until such transfer shall have been made upon the books of the Corporation.

6.4 Lost Certificates. In case any certificate of stock shall be lost, stolen or destroyed, the Board, in its discretion, may authorize the issuance of a substitute certificate in place of the certificate so lost, stolen or destroyed and may cause such substitute certificate to be countersigned by the appropriate Transfer Agent (if any) and registered by the appropriate Registrar (if any), provided that, in each such case, the applicant for a substitute certificate shall furnish to the Corporation and to such of its Transfer Agents and Registrars as may require the same, evidence to their satisfaction, in their discretion, of the loss, theft or destruction of such certificate and of the ownership thereof, and also such security or indemnity as may be required by them.

6.5 Record Date.

(a) In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or, subject to applicable law, to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board is authorized, from time to time, to fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

(b) A determination of Stockholders of record entitled to

notice of or to vote at a meeting of Stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

ARTICLE 7

Miscellaneous

7.1 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

7.2 Surety Bonds. The Treasurer, each Assistant Treasurer and such other officers or agents of the Corporation as the Board may direct, from time to time, shall be bonded for the faithful performance of their duties in such amounts and by such surety companies as the Board may determine. The premiums on such bonds shall be paid by the Corporation and the bonds so furnished shall be in the custody of the Chief Executive Officer.

7.3 Signature of Negotiable Instruments. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer or officers and in such manner as, from time to time, may be prescribed by resolution (whether general or special) of the Board.

ARTICLE 8

Amendments

8.1 Amendment of these Restated Bylaws Prior to the Termination Date. Until the Termination Date, notwithstanding that a lesser or no vote of either the Board or the Stockholders may be required by applicable law, and in addition to any other vote of the Board or the Stockholders required by applicable law or the Restated Certificate, (a) any Substantive Amendment to these Restated Bylaws shall be effected as provided in the Restated Certificate and (b) any amendment or supplement to or modification of these Restated Bylaws that is not a Substantive Amendment and any new bylaw provisions not inconsistent with any provision of the Restated Certificate, these Restated Bylaws or applicable law may be effected or adopted, as the case may be, either (i) by the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board, or (ii) by the affirmative vote of the holders of at least 75% in voting power of the stock present in person or represented by proxy and entitled to vote thereon, at an annual meeting of Stockholders, or at a special meeting thereof, at which a quorum is present, the notice of which meeting shall include the form of the proposed amendment or supplement to or modification of these Restated Bylaws or of the proposed new bylaws, or a summary thereof.*

8.2 Amendment of these Restated Bylaws Upon the Occurrence of the Termination Date. Upon the occurrence of the Termination Date, except as herein otherwise expressly provided, these Restated Bylaws may be altered or repealed and new bylaws, not inconsistent with any provision of the Restated Certificate or applicable law, may be adopted, either (a) by the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board, or (b) by the affirmative vote of the holders of at least a majority in voting power of the stock present in person or represented by proxy and entitled to vote thereon, at an annual meeting of Stockholders, or at a special meeting thereof, at which a quorum is present, the notice of which meeting shall include the form of the proposed amendment or supplement to or modification of these Restated Bylaws or of the proposed new bylaws, or a summary thereof.

FORM OF RESTRICTED STOCK AGREEMENT

AGREEMENT made as of July 13, 1999 between _____ ("Recipient") and UAL Corporation (together with its wholly owned subsidiary, United Air Lines, Inc., the "Company"). For purposes of this Agreement, the term "Shares" shall mean 25,000 shares of Common Stock, \$0.01 par value ("Common Stock"), of the Company.

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

NOW THEREFORE IT IS AGREED:

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

The Shares shall be issued from Common Stock reserved for issuance pursuant to the 1998 Restricted Stock Plan ("Restricted Stock Plan") as grants under such plan ("Plan Shares").

2. During the Restricted Period (as herein defined) for the Shares, Recipient shall not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of such Shares.
3. Recipient represents that the Shares are being acquired for investment and that Recipient has no present intention to transfer, sell or otherwise dispose of the Shares, except in compliance with applicable securities laws, and the parties agree that the Shares are being acquired in accordance with and subject to the terms, provisions and conditions of this Agreement. These agreements shall bind and inure to the benefit of the parties' respective heirs, legal representatives, successors and assigns.
4. No Shares shall be released from restrictions until the fifth anniversary date of this Agreement, subject to earlier release pursuant to Section 7 of the Restricted Stock Plan. A certificate for all Shares granted pursuant to this Agreement will be issued to Recipient following such date of release, or, at Recipient's election, may be transferred in book entry form to Recipient's brokerage account (subject to any adjustment made therein to withhold Shares to pay taxes as provided in Section 5 hereof). Any period during which Shares are subject to restriction hereunder is herein referred to as the "Restricted Period." Notwithstanding the foregoing, in the event of separation or termination of the Recipient's employment with the Company for any reason, including as a result of the Recipient's retirement, death or disability, all unreleased, restricted Shares shall be forfeited upon such separation or termination.
5. The Company shall be required to withhold the amount of taxes required to satisfy any applicable federal, state and local tax withholding obligations arising from the lapse of restrictions on Shares. Recipient may elect to satisfy any such tax obligation in cash or by authorizing the Company to withhold from the Shares issued to Recipient as a result of the lapse of the restrictions on Shares, the number of whole shares of Common Stock required to satisfy such tax obligation, the number to be determined by the fair market value of the Shares on the date of the lapse of the restrictions on Shares. If Recipient elects to withhold shares of Common Stock to satisfy any such tax obligation, Recipient shall pay in cash any obligation which remains after the application of whole shares that is less than the value of a whole share.

6. The Company hereby confirms that (i) in the event the outstanding shares of Common Stock of the Company shall be changed into an increased number of shares, through a stock dividend or a split-up of shares, or into a decreased number of shares, through a combination of shares, then immediately after the record date for such change, the number of Shares then subject to this Agreement shall be proportionately increased, in case of such stock dividend or split-up of shares, or proportionately decreased, in case of such combination of shares; and (ii) in the event that, as result of a reorganization, sale, merger, consolidation or similar occurrence, there shall be any other change in the shares of Common Stock of the Company, or of any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, then equitable adjustments to the Shares then subject to this Agreement (including, but not limited to, changes in the number or kind of shares then subject to this Agreement) shall be made.
7. Recipient understands that the Company will, and Recipient hereby authorizes the Company to, issue such instructions to the Transfer Agent as the Company may deem necessary or proper to comply with the intent and purposes of this Agreement. This paragraph shall be deemed to constitute the stock power contemplated by the Restricted Stock Plan.
8. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors and assigns of the Company and the heirs and personal representatives of the Recipient.
9. This Agreement shall be governed by the laws of the State of Illinois applicable to agreements made and to be performed entirely within such State.
10. This Agreement may not be altered, modified, changed or discharged, except by a writing signed by or on behalf of both the Company and the Recipient.

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

UAL CORPORATION

Recipient

By: _____
Name: James E. Goodwin
Title: Chairman and Chief Executive Officer

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666

Subject: Letter Agreement No. 6-1162-BRB-400 to
Purchase Agreement No. 1663 - Increased
Maximum Takeoff Weight to [*CONFIDENTIAL
MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT] - Model 777-222 "B" Market Aircraft

Reference is made to Purchase Agreement No. 1663 dated
December 18, 1990 (the Purchase Agreement) between The Boeing
Company (Boeing), and United Air Lines, Inc. (Buyer), relating
to the sale by Boeing and the purchase by United (Buyer) of Model
777-222 B Market Aircraft including those listed in Attachment A
to this Letter (the B Market Aircraft).

Reference also is made to Supplemental Agreement 8 to the
Purchase Agreement, dated February 10, 1999.

This letter, when accepted by Buyer, will become part of
the Purchase Agreement and will evidence our further
agreement with respect to the matters set forth below.

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

Boeing has proposed Production Master Change 0315A227A24
entitled "MP - Certified Structural Design and Operational
Weights, 777-200ER Increased Gross Weight Airplane
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH
THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST
FOR CONFIDENTIAL TREATMENT] " and Retrofit Master Change
0315MK7017 entitled "Increase Certified Structural Design
and Operational Weights, 777-200ER Increased Gross Weight
Airplane - MTOW to [*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] " to
Buyer. In consideration of Buyer's purchase of such master
changes for the B Market Aircraft [*CONFIDENTIAL MATERIAL
OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT] for the B Market Aircraft, Boeing shall offer
Buyer the pricing [*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] defined
herein.

2. Price.

- 2.1 Production Master Change 0315A227A24 entitled "MP -
Certified Structural Design and Operational Weights,
777-200ER Increased Gross Weight Airplane
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT] "

Subject to Buyer's acceptance of Production Master Change
0315A227A24 at Boeing's standard price of [*CONFIDENTIAL
MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT] , Boeing will issue a credit memo at
the time of delivery of each B Market Aircraft listed in the
effectivity of such production master change in the amount
of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH
THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST
FOR CONFIDENTIAL TREATMENT] . Such credit memo may be used
for the purchase of Boeing goods and services [*CONFIDENTIAL
MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

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

- 2.3 Retrofit Master Change 0315MK7012 entitled "Increase

Certified Structural Design and Operational Weights, 777-200ER Increased Gross Weight Airplane - MTOW to [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] ."

Concurrent with execution of this Letter agreement, Boeing will provide to Buyer a revised proposal for Retrofit Master Change 0315MK7017. Such revised proposal will include in the effectivity all of Buyer's B Market Aircraft that are listed in Attachment A that are not included in the effectivity for Production Master Change 0315A227A24. The price in such revised proposal shall be [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] per B Market Aircraft [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] .

2.4 Master Change Contingencies.

The credit memo and [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] offered above is contingent on Buyer's acceptance of both Production Master Change 0315A227A24 and Retrofit Master Change 0315MK7017 covering all B Market Aircraft in Attachment A.

3. AFM Weight Revisions.

Buyer's AFM will be revised to reflect an MTOW of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for affected B Market Aircraft in accordance with the schedules in the master changes specified in Paragraphs 2.1 and 2.3

4. Applicability of Letter Agreement

The terms and conditions of this Letter Agreement will apply to all B Market Aircraft listed in Attachment A and any future aircraft of the same submodel ordered subsequent to signing this Letter Agreement and scheduled for delivery prior to [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] , except as such future aircraft delivery dates may be slid beyond [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] by mutual agreement of Boeing and Buyer.

5. Fulfilled Obligation

The terms and conditions of this letter agreement are offered [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] applicable to the B Market Aircraft. The execution of this Letter Agreement will constitute fulfillment of Boeing's obligations relative to Paragraph 20 of Supplemental Agreement 8 to the Purchase Agreement, and any of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6. Confidentiality

The terms and conditions of this Letter Agreement shall be considered to be confidential and shall not be disclosed by either party (except (a) as reasonably necessary to its respective employees, insurers, auditors or professional advisors, (b) as either party may reasonably determine may be required by applicable provisions of, or rules or regulations under, applicable securities laws, bankruptcy laws or other laws or applicable stock exchange rules (in which case the disclosing party shall provide sufficient notice to and discuss with the other party the facts of such determination), (c) as requested or required of either party by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or any informal or formal investigation by any government or governmental agency or authority (provided the disclosing party actually has been issued a valid subpoena, civil investigative demand, or request for production, has duly sought a protective order when such

an order is possible and, in any case, has provided sufficient notice to the other party to allow the other party to seek protection), or (d) as otherwise agreed to by the parties) without the prior written consent of the other party.

If the foregoing correctly sets forth standing of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours, ACCEPTED AND AGREED

Date: 8/5/99

THE BOEING COMPANY UNITED AIR LINES, INC.

By /s/ B. Belka By /s/ Douglas A. Hacker

Its Attorney-in-Fact Its Executive Vice President and Chief Financial Office

B Market Aircraft

Aircraft Serial Number	Boeing Block Number	Contract Delivery Date
-----	-----	-----
26939	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	June 1997
26938		April 1997
26948		March 1997
26950		March 1997
26951		April 1997
26954		May 1997
26942		July 1997
26935		August 1997
26943		August 1997
26933		August 1997
26934		September 1997
26946		October 1997
26953		November 1997
26927		December 1997
26931		January 1998
26924	February 1998	
26928	February 1998	
26926	May 1998	
28713	February 1999	
28714	March 1999	
30212	May 1999	
30213	July 1999	
30214	November 1999	
30215	December 1999	
[*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]	

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

	Nine Months Ended September 30	
	1999	1998
	----- (In Millions)	
Earnings:		
Earnings before income taxes	\$ 1,739	\$ 1,173
Fixed charges, from below	753	731
Undistributed earnings of affiliates	(26)	(53)
Interest capitalized	(56)	(82)
	-----	-----
Earnings	\$ 2,410	\$ 1,769
	=====	=====
Fixed charges:		
Interest expense	\$ 273	\$ 265
Portion of rental expense representative of the interest factor	480	466
	-----	-----
Fixed charges	\$ 753	\$ 731
	=====	=====
Ratio of earnings to fixed charges	3.20	2.42
	=====	=====

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

	Nine Months Ended September 30	
	----- 1999	1998 -----
	----- (In Millions) -----	
Earnings:		
Earnings before income taxes	\$ 1,739	\$ 1,173
Fixed charges, from below	905	858
Undistributed earnings of affiliates	(26)	(53)
Interest capitalized	(56)	(82)
	-----	-----
Earnings	\$ 2,562	\$ 1,896
	=====	=====
Fixed charges:		
Interest expense	\$ 273	\$ 265
Preferred stock dividend requirements	152	127
Portion of rental expense representative of the interest factor	480	466
	-----	-----
Fixed charges	\$ 905	\$ 858
	=====	=====
Ratio of earnings to fixed charges	2.83	2.21
	=====	=====

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
 EXTRACTED FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED
 OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND
 CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF
 SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY
 REFERENCE TO SUCH FINANCIAL STATEMENTS.

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	DEC-31-1999	
	JAN-01-1999	
	SEP-30-1999	
	9-MOS	915
		483
		1,500
		0
		343
		3,775
		20,377
		5,881
		21,209
5,950		5,067
0		0
		1
		5,157
21,209		0
		13,546
		0
		12,348
		0
		0
		273
		1,739
		626
1,109		0
		3
		0
		1,106
		19.39
		9.19