

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 1998

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 No. 1-6033

UAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

36-2675207

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

Location: 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

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$.01 par value	New York, Chicago and Pacific Stock Exchanges
Depository Shares each representing 1/1,000 of a share of Series B Preferred Stock, without par value	New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act:

NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of voting stock held by non-affiliates of the Registrant was \$ 3,315,554,070 as of March 11, 1999. The number of shares of common stock outstanding as of March 11, 1999 was 51,419,567.

Documents Incorporated by Reference

Part III of this Form 10-K incorporates by reference certain information from the Registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 18, 1999.

PART I

ITEM 1. BUSINESS.

UAL Corporation ("UAL" or the "Company") was incorporated under the laws of the State of Delaware on December 30, 1968. The world headquarters of the Company are located at 1200 East Algonquin Road, Elk Grove Township, Illinois 60007. The Company's mailing address is P.O. Box 66919, Chicago, Illinois 60666. The telephone number for the Company is (847) 700-4000.

The Company is a holding company and its principal subsidiary is United Air Lines, Inc., a Delaware corporation ("United"), which is wholly owned. United accounted for virtually all of the Company's revenues and expenses in 1998. United is a major commercial air transportation company, engaged in the transportation of persons, property and mail throughout the United States and abroad.

Airline Operations

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During 1998, United carried, on average, more than 238,000 passengers per day and flew more than 125 billion revenue passenger miles. It is the world's largest airline as measured by revenue passenger miles flown, providing passenger service in 28 countries.

United has a global network of major connecting airports: Chicago, Denver, San Francisco, Los Angeles, Washington, D.C., Miami, Frankfurt, London, Tokyo, and Toronto. This network of major connecting airports is designed to fly travelers between North America (domestic segment) and the Pacific, Latin America and Europe (international segment). Operating revenues attributed to United's North America segment were approximately \$ 12.0 billion in 1998, \$11.2 billion in 1997, and \$10.7 billion in 1996. Operating revenues attributed to United's international segment were approximately \$5.5 billion in 1998, \$6.1 billion in 1997, and \$5.6 billion in 1996.

Since October 1994, United has operated a service, United Shuttle(R) within its domestic segment. This service is designed to compete with low-cost carriers on routes fewer than 750 miles. While United Shuttle is principally concentrated on the West Coast, it has also expanded into the Denver market. United Shuttle offers approximately 466 daily flights on 25 routes between 21 cities in the western United States. United Shuttle provides critical feed traffic, at competitive prices, for United.

Pacific. Via its Tokyo hub, United provides passenger service between its U.S. gateway cities (Chicago, Honolulu, Los Angeles, New York, San Francisco and Seattle) and the Asian cities of Bangkok, Beijing, Hong Kong, Shanghai and Singapore. United also provides nonstop service between Chicago and Hong Kong; between San Francisco and Hong Kong, Osaka and Taipei; between Los Angeles and Hong Kong and Osaka; and between Honolulu and Tokyo. Additionally, United provides service between Hong Kong and Bangkok. Service between Delhi and Hong Kong will be terminated in April 1999.

During 1998, the U.S. and Japan entered into a new air services agreement providing that certain carriers, including United, will have no limits on the number of frequencies they can operate, permitting code-sharing between U.S. and Japanese carriers, and settling long-standing disputes regarding the utilization of "beyond Japan" flying rights. United holds significant traffic rights beyond Japan; these rights, when economic conditions improve, will allow United to add service from Japan to other Asian points.

United serves the South Pacific market with flights between Sydney and each of Los Angeles and San Francisco, and between Los Angeles and each of Auckland and Melbourne. In 1998, United was the leading U.S. carrier in the Pacific in terms of available seat miles. United's Pacific operations accounted for 16% of United's revenues in 1998.

Atlantic. United provides nonstop passenger service between seven U.S. cities and London, as well as service between London and Amsterdam; nonstop service between Paris and each of Chicago, San Francisco, and Washington Dulles; nonstop service between Washington Dulles and each of Amsterdam, Brussels, Frankfurt, Milan and Munich; and nonstop service between Chicago and each of Dusseldorf and Frankfurt. In April 1998, United initiated a second nonstop flight between Chicago and London Heathrow and operates a third flight on a seasonal basis. In 1998, United's Atlantic operations accounted for 11% of United's revenues. In 1999, new service between Boston and London will be added, but service between London and Delhi will be terminated. Possible trans-Atlantic service from the U.S. to Delhi is under consideration.

The European Commission is investigating transatlantic alliances, including the alliance between United, Lufthansa, and SAS, and the impact that this and similar alliances may have upon competition. The Commission has proposed certain conditions, such as frequency reductions, slot forfeitures, prohibitions on combining frequent flyer programs, and restrictions on display screens of

computer reservation systems, which, if implemented, may impair the efficiency of United's alliance with Lufthansa and SAS.

Latin America. United provides passenger service between Miami and each of Buenos Aires, Caracas, Lima, Montevideo (one stop), Rio de Janeiro, Santiago and Sao Paolo; between Los Angeles and each of Guatemala City, Mexico City, and San Salvador; between New York and each of Buenos Aires, Caracas, Sao Paolo, and San Juan; between Chicago and each of Buenos Aires, Mexico City, San Juan, and Sao Paolo; and between Mexico City and each of San Francisco and Washington Dulles. United also provides service between Costa Rica and Mexico City. In July 1998, nonstop service was added between Washington Dulles and San Salvador, but was cancelled effective January 16, 1999. In 1998, United's Latin America operations accounted for 5% of United's revenues.

Financial information relative to the Company's operating segments can be found in Note 19 to the Consolidated Financial Statements in this Form 10-K.

Alliances. United has formed bilateral alliances with other airlines to provide its customers more choices and to participate worldwide in markets that it cannot serve directly for commercial or governmental reasons. An alliance is a collaborative marketing arrangement between carriers which can include joint frequent flyer participation, coordination of reservations, baggage handling, and flight schedules, and code-sharing of operations. "Code-sharing" is an agreement under which a carrier's flights can be marketed under the two-letter airline designator code of another carrier. Through an alliance, carriers can provide their customers a seamless global travel network under their own airline code. United now participates in a multilateral alliance, the STAR Alliance(TM).

The Star Alliance, of which United is a founding member, includes Lufthansa, Air Canada, SAS, Thai Airways, and Varig. The Star Alliance is an integrated worldwide transport network that provides customers with global recognition and a wide range of other benefits. The Star Alliance should enable its member carriers to more effectively compete with other worldwide alliances. In May 1998, Air New Zealand and Ansett Australia announced their plans to join the Star Alliance, effective April 1999. All Nippon Airways is expected to join in October 1999.

Other bilateral alliance air carriers include Aeromar, Air New Zealand, All Nippon, ALM Antillean, Aloha, British Midland, Cayman Airways, Continental Connection, Emirates, Gulfstream International, Mexicana, Saudi Arabian, and TW Express. United holds integrated antitrust immunity with Lufthansa and SAS, and bilateral immunity with Air Canada.

In April 1998, United and Delta Air Lines announced a tentative, seven year bilateral alliance which included code-sharing, reciprocal participation in their frequent flyer programs, and coordination of marketing efforts. That agreement was mutually terminated as of February 1, 1999, with the exception of reciprocal participation in each carrier's frequent flyer program. The reciprocal frequent flyer participation was implemented in September 1998.

In addition, United has a marketing program in North America, known as the United Express(R), under which independent regional carriers, utilizing turboprop equipment and regional jets, feed United's major airports and international gateways. The carriers in the United Express program provide service to United at 181 airports.

Cargo Service. In 1998, United's cargo division accounted for approximately 5% of the Company's operating revenues. United operates all-cargo service between the U.S. and Asia with four DC10-30F freighter aircraft. A large cargo transfer facility was opened in Honolulu during the second quarter of 1998. The Hawaii facility is expected to be a major connection point for Japanese traffic to and from the U.S. mainland, and for local traffic in and out of Hawaii.

Frequent Flyer Program. United established the Mileage Plus(R) frequent flyer program to retain and develop passenger loyalty by offering awards to frequent travelers. Mileage Plus members earn mileage credit for flights on United, United Shuttle, United Express and certain other participating airlines, or for utilizing the goods and services of other program participants, such as hotels, car rental companies and bank credit card issuers. Mileage credits can be redeemed for free, discounted or upgraded travel awards on United and other participating airlines, or for other travel industry awards.

Travel awards can be redeemed at the "Standard" level for any unsold seat on any United flight to every destination served by United. Redemption at the "Saver" award level, however, is restricted with expiration dates, blackout periods and capacity

controlled bookings, thereby limiting the use of Saver awards on certain flights.

When a travel award level is attained, liability is recorded for the incremental costs of accrued credits based on expected redemptions. United's incremental costs include the additional costs of providing service for what would otherwise be a vacant seat, such as fuel, meal, personnel and ticketing costs. The incremental costs do not include any contribution to overhead or profit.

At December 31, 1998, the estimated number of outstanding awards was approximately 6.1 million, as compared with 6.2 million at the end of the prior year. United estimates that 4.6 million of such awards will ultimately be redeemed and, accordingly, has recorded a liability amounting to \$195 million, which is unchanged from the previous year. Based on historical data, the difference between the awards expected to be redeemed and the total awards outstanding arises because: (1) some awards will never be redeemed, (2) some will be redeemed for non-travel benefits, and (3) some will be redeemed on partner carriers.

The number of Mileage Plus awards used on United in 1998 was 2.1 million, compared to 1.8 million in 1997 and 1.5 million in 1996. Such awards represented 9% of United's total revenue passenger miles in 1998, 8% in 1997, and 7% in 1996. These low percentages, as well as seat availability restrictions on the use of Saver awards (the most popular redemption), kept displacement, if any, of revenue passengers by users of Mileage Plus awards to a minimum.

Industry Conditions

Seasonality. Air travel business is subject to seasonal fluctuations. United's first- and fourth-quarter results normally are affected by reduced travel demand in the fall and winter, and United's operations are often affected adversely by winter weather. Thus, operating results for the Company are generally better in the second and third quarters.

Competition. The airline industry is highly competitive. In domestic markets, new and existing carriers are free to initiate service on any route. United's domestic competitors include all of the other major U.S. airlines as well as regional carriers, some of which have lower cost structures than United.

In its international service, United competes not only with U.S. carriers but also with national flag carriers of foreign countries, which in certain instances enjoy forms of governmental support not available to U.S. carriers. Competition on certain international routes is subject to varying degrees of governmental regulations (see "Government Regulation"). United has advantages over foreign air carriers in the United States because of its ability to generate U.S. origin-destination traffic from its integrated domestic route systems, and because foreign carriers are prohibited by U.S. law from carrying local passengers between two points (known as cabotage) in the United States. United experiences the same restriction in foreign countries.

In addition, U.S. carriers are often constrained from carrying passengers to points beyond designated international gateway cities due to limitations in air service agreements or restrictions imposed unilaterally by foreign governments. To compensate for these structural limitations, U.S. and foreign carriers have entered into alliances and marketing arrangements which allow the carriers to provide feed to each other's flights. (See "Airline Operations - Alliances")

Distribution Channels. Travel agents account for a substantial percentage of United's sales. In November 1998, as part of its ongoing effort to control costs, United capped at \$100 the maximum commission payable for international travel purchased in the U.S. or Canada for travel outside those countries.

The use of electronic distribution systems is also an important cost control initiative of United. United continues to expand the capabilities of its web site and observed an increase in 1998 in its internet bookings. The U.S. government and the European Commission are considering placing restrictions on the Internet products offered directly by the airlines as they also review the larger issue of restrictions on computer reservation systems.

Government Regulation

General. All carriers engaged in air transportation in the United States are subject to regulation by the U.S. Department of Transportation ("DOT"). The DOT has authority to: issue certificates of public convenience and necessity for domestic air

transportation and, through the Federal Aviation Administration ("FAA"), air-carrier operating certificates; authorize the provision of foreign air transportation by U.S. carriers; prohibit unjust discrimination; prescribe forms of accounts and require reports from air carriers; regulate methods of competition, including the provision and use of computerized reservation systems; and administer regulations providing for consumer protection, including regulations governing the accessibility of air transportation facilities for handicapped individuals. United holds certificates of public convenience and necessity, as well as air-carrier operating certificates, and therefore is subject to DOT regulations. The FAA administers the U.S. air traffic control system and oversees aviation safety issues.

United's operations require licenses issued by the aviation authorities of the foreign countries that United serves. Foreign aviation authorities may from time to time impose a greater degree of economic regulation than exists with respect to United's domestic operations. United's ability to serve some foreign markets and its expansion into many of these markets are presently restricted by lack of aviation agreements to allow such service or, in some cases, by the restrictive terms of such agreements.

In connection with its international services, United is required to file with the DOT and to observe tariffs establishing the fares charged and the rules governing the transportation provided. In certain cases, fares and schedules require the approval of the relevant foreign governments. Shifts in United States or foreign government aviation policies can lead to the alteration or termination of existing air service agreements between the U.S. and other governments, and could diminish the value of United's international route authority. United's operating rights under the air services agreements may not be preservable in such cases.

Airport Access. Take-off and landing rights ("slots") at Chicago O'Hare International Airport, New York John F. Kennedy International, New York LaGuardia and Washington Reagan National airports, are limited by the "high density traffic rule." Under this rule, slots may be bought, sold or traded. The DOT, however, can require carriers to relinquish slots for reallocation if they fail to meet certain minimum-use standards.

For the past few years, the DOT has been confiscating slots from incumbent carriers at Chicago O'Hare, including United, to provide more opportunities for foreign carriers. In 1997, the DOT began creating slots at certain slot-controlled airports to allow the entry of "new entrant" carriers. United holds a sufficient number of slots at airports subject to the high-density rule, but its ability to expand could be constrained if sufficient additional slots are not available on satisfactory terms.

On February 9, 1999, federal transportation officials announced a plan to abolish, over a five year period, the high density traffic rule at Chicago's O'Hare and New York's Kennedy and Laguardia airports. The plan requires Congressional action. It is too early to determine what impact, if any, this proposal would have on the Company if enacted.

United currently has a sufficient number of leased gates and other airport facilities, but expansion by United may be constrained at certain airports by insufficient availability of gates on attractive terms or other factors, such as noise restrictions.

Safety. The FAA has regulatory jurisdiction over flight operations generally, including equipment, ground facilities, maintenance, communications and other matters. United's aircraft and engines are maintained in accordance with the standards and procedures recommended and approved by the manufacturers and the FAA.

From time to time, the FAA issues airworthiness directives ("ADs") which require air carriers to undertake inspections and to make unscheduled modifications and improvements on aircraft, engines and related components and parts. The ADs sometimes cause United to incur substantial, unplanned expense when aircraft or engines are removed from service prematurely in order to undergo mandated inspections or modifications. The issuance of any particular AD may have a greater or lesser impact on United, compared to its competitors, depending upon the equipment covered by the directive. Civil and criminal sanctions may be assessed for not complying with the ADs.

Environmental Regulations. The Airport Noise and Capacity Act of 1990 ("ANCA") requires the phase-out by December 31, 1999 of Stage 2 aircraft operations, subject to certain waivers. The "Stage 2" and "Stage 3" terminology is industry vernacular referring to permissible noise levels under various aircraft operating conditions. The specific noise limitations are technical, but in general, Stage 3 aircraft will produce less overall noise than Stage 2 aircraft. By

the year 2000, all commercial aircraft within the United States must meet the stricter Stage 3 noise requirements or be grounded.

United will generally meet Stage 3 requirements by retiring Stage 2 aircraft and replacing some with newer Stage 3 aircraft, and by retrofitting the remaining Stage 2 aircraft with special equipment (known in the industry as "hushkits"). Most of the hushkits will be acquired through a swap of retired or retiring DC10-10 aircraft. The cost of acquiring the remaining hushkits is included in the Company's capital commitments disclosed under "Liquidity and Capital Resources" of Item 7.

Federal and state environmental laws require that underground storage tanks (USTs) be upgraded to new construction standards and equipped with leak detection. These requirements are phased in based on the age, construction and use of existing tanks. United operates a number of underground and above-ground storage tanks throughout its system. They are used for the storage of fuels and deicing fluids. A program for the removal or upgrading of USTs, ongoing since 1987, was completed in 1998.

United has been identified as a potentially responsible party in some state and federal recovery actions involving soil and groundwater contamination. United estimates the total cost of remediation to range from \$43 million to \$79 million.

The EPA and FAA signed a Memorandum of Agreement in February 1998 to develop a voluntary process with the airline industry to reduce emissions that lead to ozone formation. This MOA includes a proposal that carries a "voluntary engine retrofit program" to reduce emissions from aircraft engines. As a result of this MOA, the carriers, EPA, FAA and local and state regulators have been involved in negotiations on the scope and content of the voluntary program. Despite proposals from the airline industry, this process has not yet resulted in an agreed program.

Other Government Matters. Other federal agencies with jurisdiction over certain aspects of United's operations include the Department of Justice (Antitrust Division and Immigration and Naturalization Service); the Equal Employment Opportunity Commission; the Department of Labor (Occupational Safety and Health Administration, and Office of Federal Contract Compliance Programs of the Employment Standards Administration); the National Mediation Board; the National Transportation Safety Board; the Treasury Department (U.S. Customs Service); the Federal Communications Commission (use of radio facilities by aircraft); and the United States Postal Service (carriage of domestic and international mail). United is also subject to varying degrees of regulation by foreign governments. In time of war or certain other national emergencies, the U.S. government may require United to provide airlift services under the Civil Reserve Air Fleet Program.

Fuel - - - - -

United's results of operations are significantly affected by the price and availability of jet fuel. It is estimated that every \$.01 change in the average annual price-per-gallon of jet fuel causes a change of approximately \$31 million in United's annual fuel costs. The average price per gallon of jet fuel in 1998 declined 15.1%. Changes in fuel prices are industry-wide occurrences that benefit or harm United's competitors as well as United, although fuel-hedging activities may affect the degree to which fuel-price changes affect individual companies. To assure adequate supplies of fuel and to provide a measure of control over fuel costs, United ships fuel on major pipelines and stores fuel close to its major hub locations.

Insurance - - - - -

United carries liability insurance of a type customary in the air transportation industry, in amounts which it deems adequate, covering passenger liability, public liability and property damage liability. The amount recoverable by United under aircraft-hull insurance covering all damage to its aircraft is not subject to any deductible amount in the event of a total loss.

Employees - Labor Matters - - - - -

UAL is the world's largest majority employee-owned company. At December 31, 1998, the Company and its subsidiaries had more than 95,035 employees. Approximately 82% of United's employees are represented by various labor organizations.

The employee groups, number of employees, labor organization and current contract status for each of United's major collective bargaining groups as of December 31, 1998 are as follows:

Employee Group -----	Number of Employees -----	Union -----	Contract Open For Amendment -----
Mechanics, ramp service & other ground employees	26,446	IAM	July 12, 2000
Passenger Service Employee Group	19,198	IAM	N/A*
Flight attendants	22,681	AFA	March 1, 2006
Pilots	9,292	ALPA	April 12, 2000

*Began negotiations December 8, 1998 for a first contract.

Corporate Governance -----

Background. On July 12, 1994, the stockholders of UAL approved a plan of recapitalization that provided an approximately 55% equity and voting interest in UAL to certain employees of United in exchange for wage concessions and work-rule changes. The employees' equity interest is being allocated to individual employee accounts through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as part of the recapitalization. Since the ESOP shares are being allocated over time, the current ownership interest held in the ESOPs is less than 55%. The entire ESOP voting interest, however, is currently exercisable and is voted by the ESOP trustee at the direction of, and on behalf of, the employees participating in the ESOPs.

As part of the recapitalization, the Company's shareholders approved an elaborate governance structure, which is contained principally in the Company's Restated Certificate of Incorporation ("UAL Charter"). Among other matters, the UAL Charter provides that the Company's Board of Directors is to consist of five public directors, two of whom are members of senior management; four independent directors; and three directors appointed by representatives of various employee groups, including the pilots and machinists.

See the Company's Proxy Statement for its Annual Meeting of Shareholders for information concerning the processes for electing the directors and for the Board committee requirements. A number of special shareholder and Board voting requirements were also established, as summarized below.

Special Voting. In specified circumstances ("Extraordinary Matters"), actions by UAL or United Airlines require approval of either (a) 75% of the entire Board, including at least one union director, or (b) 75% of the voting stock present at a stockholder meeting. "Extraordinary Matters" include, certain business transactions outside the ordinary course of business, significant asset dispositions, and most issuances of equity securities. Most issuances of equity securities are also subject to a first refusal agreement in favor of employees participating in the ESOPs.

Other special voting requirements apply to amendments to the UAL Charter and certain Bylaws, repurchases of Common Stock, stock sales to employee benefit plans, and business transactions with labor.

"Sunset." The Voting Preferred Stock (See Item 8, Note 13 to Consolidated Financial Statements) outstanding at any time commands voting power for approximately 55% of the vote of all classes of capital stock in all matters requiring a stockholder vote, other than for the election of members of the Board of Directors. The Voting Preferred Stock will generally continue to represent approximately 55% of the aggregate voting power until the "Sunset." The "Sunset" will occur when the common shares issuable upon conversion of the outstanding Class 1 and Class 2 ESOP Preferred Stock, plus any common equity (generally common stock issued or issuable at the time of the recapitalization) and available unissued ESOP shares held in the ESOPs or any other employee benefit plans sponsored by the Company for the benefit of its employees, represent, in the aggregate, less than 20% of the common equity and available unissued ESOP shares of the Company. For purposes of measuring the Sunset, employee ownership is approximately 65.73% at December 31, 1998.

For a more complete description of the Company's governance structure, see the UAL Charter, the Stockholders' Agreements and the First Refusal Agreement, included as exhibits to this Form 10-K.

ITEM 2. PROPERTIES.

Flight Equipment

As of December 31, 1998, United's operating aircraft fleet totaled 577 jet aircraft, of which 268 were owned and 309 were leased. These aircraft are listed below:

Aircraft Type	Average No. of Seats	Owned	Leased*	Total	Average Age (Years)
A319-100	126	10	10	20	1
A320-200	144	11	40	51	3
B727-200	147	65	10	75	20
B737-200	109	24	0	24	19
B737-300	129	10	91	101	10
B737-500	112	27	30	57	6
B747-100	450	4	0	4	28
B747-200	347	2	7	9	20
B747-400	363	15	21	36	5
B757-200	188	41	55	96	7
B767-200	168	19	0	19	16
B767-300	213	8	19	27	6
B777-200	290	16	18	34	2
DC10-10	288	13	3	16	22
DC10-30	298	1	3	4	20
DC10-30F	N/A	2	2	4	19
TOTAL OPERATING FLEET		268 ===	309 ===	577 ===	10 ===

* United's aircraft leases have initial terms of 10 to 26 years, and expiration dates range from 1999 through 2020. Under the terms of leases for 302 of the aircraft in the operating fleet, United has the right to purchase the aircraft at the end of the lease term, in some cases at fair market value and in others at fair market value or a percentage of cost.

As of December 31, 1998, 69 of the 268 aircraft owned by United were encumbered under debt agreements.

The following table sets forth United's firm aircraft orders and expected delivery schedules as of December 31, 1998:

Aircraft Type	Number	To Be Delivered	Delivery Rate
A319-100	27	1999-2002	0-2 per month
A320-200	35	1999-2002	0-3 per month
B747-400	15	1999-2002	0-2 per month
B757-200	2	1999	0-2 per month
B767-300	10	1999-2002	0-1 per month
B777-200	18	1999-2002	0-2 per month
Total	107		

Ground Facilities and Equipment

United has entered into various leases relating to its use of airport-landing areas, gates, hangar sites, terminal buildings and other airport facilities in most of the municipalities it serves. Major leases expire at Chicago O'Hare in 2018, San Francisco in 2011, Washington Dulles in 2014 and Los Angeles in 2021. United also has leased ticketing, sales and general office space in the downtown and outlying areas of most of the larger cities in its system. In suburban Chicago, United owns a 106-acre complex consisting of more than one-million square feet of office space for its world headquarters, a computer facility and a training center.

United's Maintenance Operation Center ("MOC") at San Francisco International Airport occupies 129 acres of land, three-million square feet of floor space and 12 aircraft hangar docks under lease expiring in 2007, with an option to extend for 10 years. United's Indianapolis Maintenance Center ("IMC") is operated under a lease with the Indianapolis Airport Authority that expires in 2031. IMC is a major aircraft maintenance and overhaul facility and is being used for maintenance of Boeing B737, B757, B767 and A320 aircraft. United also has a major facility at the Oakland, California airport, dedicated to airframe maintenance.

At Denver International Airport, United operates under a lease

and use agreement expiring in 2025, and occupies 44 gates and more than one million square feet of exclusive or preferential use terminal building space. United's flight training center, located at the former Stapleton International Airport, was purchased by United from the City and County of Denver and can accommodate 36 flight simulators and more than 90 computer-based training stations.

ITEM 3. LEGAL PROCEEDINGS.

No material legal proceedings pending.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted to a vote of security holders of the Company during the fourth quarter of 1998.

Executive Officers of the Registrant

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Information regarding the executive officers of the Company is as follows:

Gerald Greenwald. Age 63. Mr. Greenwald has been Chairman and Chief Executive Officer of the Company and United since July 12, 1994. During the year prior to joining the Company, he served as Chairman of Tatra Truck Company, Czech Republic (a truck manufacturer).

James E. Goodwin. Age 54. Mr. Goodwin has been President and Chief Operating Officer of the Company and United since September 1998. From April 1, 1995 to his current appointment, he served as Senior Vice President - North America of United. From 1992 to 1995, he served as Senior Vice President - International of United.

Christopher D. Bowers. Age 51. Mr. Bowers has been Senior Vice President - North America of United since September 1998. From April 1, 1995 until his current appointment, he served as Senior Vice President - International of United. From 1988 until 1995, he served as Vice President and General Sales Manager of the sales division of United.

David Coltman. Age 56. Mr. Coltman has been Senior Vice President - Marketing of United since April 1, 1995. From 1989 until assuming his current position, Mr. Coltman served as Vice President - Atlantic Division.

Rono Dutta. Age 47. Mr. Dutta has been Senior Vice President - Planning of United since November 7, 1994 and became an executive officer of United on April 1, 1995. From 1991 until assuming his current position, Mr. Dutta held other vice president positions at United, overseeing cargo, information systems, and maintenance.

Douglas A. Hacker. Age 43. Mr. Hacker has been Senior Vice President and Chief Financial Officer of the Company and United since July 12, 1994 and had served previously as Senior Vice President - Finance of United.

William P. Hobgood. Age 60. Mr. Hobgood has been Senior Vice President - People of United since March 1, 1997. From 1981 until joining United, he was in private practice as an attorney specializing in mediation and arbitration, including labor-management issues.

Shelley A. Longmuir. Age 42. Ms. Longmuir has been Senior Vice President - International, Regulatory, and Governmental Affairs of United since October 1998. From April 1994 until October 1998, Ms. Longmuir served as Vice President - Governmental Affairs of United. From March 1993 until April 1994, she was Senior Counsel - Governmental Affairs of United.

Francesca M. Maher. Age 41. Ms. Maher has been Senior Vice President, General Counsel and Secretary of the Company and United since October 1998. From June 1997 until October 1998, she was Vice President, General Counsel and Secretary of the Company and United. From April 1993 until June 1997, she was Vice President - Law and Corporate Secretary of the Company. With respect to United, she was VP-Law, Deputy General Counsel and Corporate Secretary from October 1994 to June 1997, and from April 1993 until October 1994, she was Vice President - Law and Corporate Secretary.

Stuart I. Oran. Age 48. Mr. Oran has been Senior Vice President - International for United since October 1998. Prior to that appointment, he had been Executive Vice President of the Company and Executive Vice President - Corporate Affairs of United since July 12, 1994. Prior to joining the Company, he was a corporate partner

with the law firm of Paul, Weiss, Rifkind, Wharton and Garrison.

Andrew P. Studdert. Age 42. Mr. Studdert has been Senior Vice President - Fleet Operations of United since September 1997. Previously he served as Senior Vice President and Chief Information Officer of United from April 1995 to September 1997. Prior to joining United, he was an independent information systems consultant from July 1994 to March 1995, Executive Vice President of First Interstate Bancorp (banking) from February 1994 until June 1994, and President of First Interstate of Southern Nevada Bank (a banking corporation) from July 1991 to January 1994.

There are no family relationships among the executive officers of the Company. The executive officers of the Company serve at the discretion of the Board of Directors.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock, \$.01 par value (the "Common Stock"), is traded principally on the New York Stock Exchange (the "NYSE") under the symbol UAL, and is also listed on the Chicago Stock Exchange and the Pacific Stock Exchange. The following sets forth for the periods indicated the high and low sales prices per share of the Company's Common Stock on the NYSE Composite Tape.

	High ----	Low ---
1998:		
1st quarter	\$ 95 1/4	\$ 82
2nd quarter	97 1/2	73 1/16
3rd quarter	94	56
4th quarter	70 7/8	55 1/4
1997:		
1st quarter	\$ 71 1/2	\$ 55 3/8
2nd quarter	81 3/8	63
3rd quarter	87 7/8	71 1/2
4th quarter	101 3/4	80 1/2

No dividends have been declared on the Company's common stock during the past five years. The payment of any future dividends on the Common Stock and the amount thereof will be determined by the Board of Directors of the Company based on earnings, the financial condition of the Company and other relevant factors. The Company has no immediate plans to pay cash dividends. At March 11, 1999, based on reports by the Company's transfer agent for the Common Stock, there were 16,488 common stockholders of record.

Item 6. Selected Financial Data and Operating Statistics

(In Millions, Except Per Share and Rates)

	Year Ended December 31 -----				
	1998 ----	1997 ----	1996 ----	1995 ----	1994 ----
Operating revenues	\$17,561	\$17,378	\$16,362	\$14,943	\$13,950
Earnings before extraordinary item and cumulative effect of accounting changes	821	958	600	378	77
Extraordinary loss on early extinguishment of debt, net of tax	-	(9)	(67)	(29)	-
Cumulative effect of accounting changes, net of tax	-	-	-	-	(26)
Net earnings	821	949	533	349	51
Per share amounts, diluted:					
Earnings before extraordinary item and cumulative effect of accounting changes	6.83	9.04	5.85	5.23	0.19
Extraordinary loss on early extinguishment of debt	-	(0.09)	(0.79)	(0.41)	-
Cumulative effect of accounting changes	-	-	-	-	(0.34)
Net earnings (loss)	6.83	8.95	5.06	4.82	(0.15)
Total assets at year-end	18,559	15,464	12,677	11,641	11,764
Long-term debt and capital lease					

obligations, including current portion, and redeemable preferred stock	5,345	4,278	3,385	4,102	4,077
Revenue passengers	87	84	82	79	74
Revenue passenger miles	124,609	121,426	116,697	111,811	108,299
Available seat miles	174,008	169,110	162,843	158,569	152,193
Passenger load factor	71.6%	71.8%	71.7%	70.5%	71.2%
Breakeven passenger load factor	64.9%	66.0%	66.0%	66.1%	68.2%
Passenger revenue per passenger mile (in cents)	12.4	12.6	12.4	11.8	11.3
Operating revenue per available seat mile (in cents)	10.1	10.3	10.0	9.4	9.1
Operating expense per available seat mile (in cents)	9.2	9.5	9.3	8.9	8.8
Operating expense per available seat mile excluding ESOP charges (in cents)	8.8	8.9	8.9	8.6	8.6
Fuel gallons consumed	3,029	2,964	2,883	2,822	2,697
Average price per gallon of jet fuel (in cents)	59.0	69.5	72.2	59.5	58.8

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section contains forward-looking statements which are identified with an asterisk (*). Factors that could significantly impact the expected results referenced in the forward-looking statements are listed in the last paragraph of the section, "Outlook for 1999."

On July 12, 1994, the stockholders of UAL Corporation ("UAL") approved a plan of recapitalization that provides an approximately 55% equity and voting interest in UAL to certain employees of United Air Lines, Inc. ("United") in exchange for wage concessions and work-rule changes. The employees' equity interest is being allocated to individual employee accounts through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as part of the recapitalization. Since the ESOP shares are being allocated over time, the current ownership interest held in the ESOPs is less than 55%. The entire ESOP voting interest is currently exercisable, which is voted by the ESOP trustee at the direction of, and on behalf of, the holders of the ESOP stock.

Liquidity and Capital Resources

Liquidity -

UAL's total of cash and cash equivalents and short-term investments was \$815 million at December 31, 1998, compared to \$845 million at December 31, 1997. Operating activities during the year generated \$3.194 billion. Cash was used primarily to fund net additions to property and equipment and to repurchase common stock.

Property additions, including aircraft, aircraft spare parts, facilities and ground equipment, amounted to \$2.832 billion, while property dispositions resulted in proceeds of \$452 million. In 1998, United took delivery of ten A320, sixteen A319, four B777, two B757, four B767 and five B747 aircraft. Thirty-four of these aircraft were purchased and seven were acquired under capital leases. Eight of the aircraft purchased during the year were later sold and then leased back under capital leases. Additionally, United acquired six B727 and three DC10-10 off-lease during 1998 and retired twenty-eight B737, five B747 and six DC10-10 aircraft.

Consistent with a plan announced earlier in the year, the Company made payments of \$459 million for the repurchase of 7.1 million shares of common stock. In January 1999, the Company completed its repurchase of up to \$500 million of the Company's common stock after acquiring a total of 7.7 million shares. Financing activities also included principal payments under debt and capital lease obligations of \$271 million and \$322 million, respectively and \$154 million in aircraft lease deposits with certain banks in connection with the financing of capital lease transactions. Additionally, the Company issued \$928 million in debt and used part of the proceeds to purchase \$693 million in equipment certificates under Company operating leases.

Included in cash and cash equivalents at December 31, 1998 were \$142 million of securities held by third parties under securities lending agreements, as well as collateral

in the amount of 102% of the value of the securities lent. United is obligated to reacquire the securities at the end of the contract.

As of December 31, 1998, UAL had a working capital deficit of \$2.760 billion as compared to \$2.300 billion at December 31, 1997. Historically, UAL has operated with a working capital deficit and, as in the past, UAL expects to meet all of its obligations as they become due. In addition, UAL may from time to time repurchase on the open market, in privately negotiated purchases or otherwise, its debt and equity securities.

United has available a \$750 million revolving credit facility, as well as a separate \$227 million short-term borrowing facility, as described in Note 8 "Short-Term Borrowings" in the Notes to Consolidated Financial Statements.

Prior Years. Operating activities in 1997 generated cash flows of \$2.567 billion and the Company's sale of its interest in the Apollo Travel Services Partnership provided \$539 million in cash proceeds (see "Sale of Affiliate"). Cash was used primarily to fund net additions to property and equipment of \$2.812 billion and to repurchase common stock in the amount of \$250 million. Financing activities also included the early extinguishment of \$151 million in principal amount of various debt securities, mandatory repayments of long-term debt totaling \$136 million and payments under capital leases of \$147 million. In addition, the Company made \$112 million in aircraft lease deposits with certain banks in connection with the financing of certain aircraft acquired under capital lease transactions and issued \$597 million of enhanced pass through certificates.

Operating activities in 1996 generated cash flows of \$2.453 billion. Cash was used primarily to repay long-term debt and to fund net additions to property and equipment. In addition to the early extinguishment of \$641 million in principal amount of various debt securities, UAL made mandatory repayments of long-term debt totaling \$150 million and payments under capital lease obligations of \$112 million during the year. Financing activities also included payments of \$324 million for conversions of all of UAL's outstanding 6 3/8% convertible debentures, \$84 million for the reacquisition of UAL's Series B preferred stock and aircraft lease deposits of \$110 million with certain banks in connection with the financing of certain capital lease transactions. Net property additions amounted to \$1.483 billion.

Capital Commitments -

At December 31, 1998, commitments for the purchase of property and equipment, principally aircraft, approximated \$6.8 billion, after deducting advance payments. Of this amount, an estimated \$2.7 billion is due to be spent in 1999. For further details, see Note 18 "Commitments, Contingent Liabilities and Uncertainties" in the Notes to Consolidated Financial Statements.

Capital Resources -

Funds necessary to finance aircraft acquisitions are expected to be obtained from internally generated funds, external financing arrangements or other external sources.

At December 31, 1998, United's senior unsecured debt was rated BB+ by Standard and Poor's ("S & P") and Baa3 by Moody's Investors Service Inc. ("Moody's"). UAL's Series B preferred stock and redeemable preferred securities were rated BB- by S & P and Ba3 by Moody's.

Results of Operations

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Summary of Results -

UAL's earnings from operations were \$1.478 billion in 1998, compared to operating earnings of \$1.259 billion in 1997. UAL's net earnings in 1998 were \$821 million (\$6.83 per share, diluted), compared to net earnings of \$949 million in 1997 (\$8.95 per share, diluted).

The 1997 earnings include an extraordinary loss of \$9 million, after tax, on early extinguishment of debt and an after-tax gain on the ATS/Galileo transaction (see "Sale of Affiliate") of \$235 million (\$2.40 per share, diluted).

Management believes that a more complete understanding

of UAL's results may be gained by viewing them on a pro forma, "Fully Distributed" basis. This approach considers all ESOP shares which will ultimately be distributed to employees throughout the ESOP period (rather than just the shares committed to be released) to be immediately outstanding and thus Fully Distributed. Consistent with this method, the ESOP compensation expense is excluded from Fully Distributed net earnings, and ESOP convertible preferred stock dividends are not deducted from earnings attributable to common stockholders. No adjustments are made to Fully Distributed earnings to reflect future salary increases. A comparison of results reported on a Fully Distributed basis to results reported under generally accepted accounting principles (GAAP) is as follows:

	December 31, 1998		December 31, 1997	
	GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed
Net Income	\$ 821	\$ 1,308	\$ 949	\$ 1,546
Per Share:				
Earnings before gains on sales and extraordinary loss	\$ 6.83	\$ 10.24	\$ 6.64	\$ 9.97
Gains on sales of ATS/Galileo, net	-	-	2.40	1.79
Extraordinary loss, net	-	-	(0.09)	(0.07)
	\$ 6.83	\$ 10.24	\$ 8.95	\$ 11.69

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: the dependence of ESOP compensation expense on the common stock price; trends and commitments with respect to wages; and the increasing number of shares assumed outstanding under the GAAP basis during the remainder of the ESOP period.

1998 Compared with 1997 -

Operating Revenues. Operating revenues increased \$183 million (1%) while United's revenue per available seat mile (unit revenue) decreased 2% to 10.07 cents. Passenger revenues increased \$178 million (1%) due to a 3% increase in United's revenue passenger miles despite a 1% decrease in yield from 12.55 to 12.36 cents. Available seat miles across the system were up 3% year over year; however, passenger load factor decreased 0.2 point to 71.6%. 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	4%	5%	2%
Pacific	(9%)	(10%)	(13%)
Atlantic	15%	11%	(3%)
Latin America	17%	9%	(8%)

Pacific yields continue to be negatively impacted by the weakness of the Japanese yen compared to the dollar during the first nine months of 1998, and the continued effects of the Asian economic turmoil on demand for travel. Yields in other international markets have been impacted by a negative pricing environment resulting from excess industry capacity and weakened economies.

Cargo revenues increased \$21 million (2%) on increased freight ton miles of 6%. A relatively flat freight yield together with a 1% lower mail yield, resulted in a 1% decrease in cargo yield for the year. Other operating revenues decreased \$16 million (1%) due to the sale of ATS in July 1997, partially offset by increases in frequent flyer program partner-related revenues and contract sales to third parties.

Operating Expenses. Operating expenses decreased \$36

million (0.2%) and United's cost per available seat mile including ESOP compensation expense decreased 3%, from 9.53 cents to 9.24 cents. Without the ESOP compensation expense, United's cost per available seat mile would have been 8.76 cents, a decrease of 2% from 1997. ESOP compensation expense decreased \$158 million (16%) reflecting the decrease in the estimated average fair value of stock committed to the Supplemental ESOP. Purchased services increased \$220 million (17%) due to increases in computer reservations fees, credit card discounts, communications expense and Year 2000-related spending. Depreciation and amortization increased \$69 million (10%) due to an increase in the number of owned aircraft and an \$11 million decrease in gains on asset sales, from \$23 million in 1997 to \$12 million in 1998. Salaries and related costs increased \$323 million (6%) due to ESOP mid-term wage adjustments which took place in July 1998 and increased staffing in certain customer-oriented positions. Aircraft fuel decreased \$273 million (13%) as a result of a 15% decrease in the average cost of fuel from 69.5 cents to 59.0 cents a gallon. Commissions decreased \$183 million (12%) due to a change in the commission structure implemented in the third quarter of 1997 as well as a slight decrease in commissionable revenues. Aircraft rent decreased \$49 million (5%) as a result of refinancing aircraft under operating lease.

Other Income and Expense. Other income (expense) amounted to \$222 million in expense in 1998 compared to \$265 million in income in 1997. Interest expense increased \$69 million (24%) in 1998 due to the issuance of long-term debt in 1997 and 1998. Interest income increased \$7 million (13%) due to higher investment balances. In 1998, foreign exchange losses increased \$65 million. Because not all economic hedges qualify as accounting hedges, unrealized gains and losses may be recognized in income in advance of the actual foreign currency cash flows. This mismatch of accounting gains and losses and foreign currency cash flows was especially pronounced during the fourth quarter of 1998 as a result of the appreciation in value of the Japanese yen, relative to the U.S. dollar. This mismatch resulted in a pre-tax charge of \$52 million which is included in foreign exchange losses. In addition, 1997 included a \$275 million gain on the sale of ATS and a \$103 million gain on the initial public offering of Galileo stock.

1997 Compared with 1996 -

Operating Revenues. Operating revenues increased \$1.016 billion (6%) and United's revenue per available seat mile (unit revenue) increased 2% to 10.25 cents. Passenger revenues increased \$877 million (6%) due to a 4% increase in United's revenue passenger miles and a 2% increase in yield to 12.55 cents. Available seat miles across the system were up 4% year over year resulting in a slight increase to system passenger load factor of 0.1 points to 71.8%. The following analysis by market is based on information reported to the U.S. Department of Transportation ("DOT"):

	Increase (Decrease)		
	Available Seat Miles (Capacity)	Revenue Passenger Miles (Traffic)	Revenue Per Revenue Passenger Mile (Yield)
Domestic	2%	3%	1%
Pacific	3%	-%	2%
Atlantic	19%	20%	3%
Latin America	-%	2%	8%

Latin American yield was impacted by strengthening economies in Latin American countries as well as an improved mix of high-yield passengers. Strong U.S. and European economies provided a positive pricing environment resulting in an increase in Atlantic yield. Pacific yields reflect a weak Japanese economy and a stronger U.S. dollar. Domestic yield increased despite the fact that the U.S. airline ticket tax was in effect for only four months of 1996 versus ten months of 1997.

Cargo revenues increased \$119 million (15%) on increases of 24% in freight ton miles and 6% in mail ton miles, as a result of a new dedicated freighter operation utilizing four DC10-30s and the introduction of long-range B777-200B aircraft. A 5% lower freight yield was only partially offset by a 2% higher mail yield for an overall decrease in cargo yield of 4%.

Other operating revenues increased \$20 million (2%) due to increases in frequent flyer program partner related revenues and fuel sales to third parties, partially offset by the loss of ATS revenues resulting from its sale in July 1997 (see "Sale of Affiliate").

Operating Expenses. Operating expenses increased \$880 million (6%) and United's cost per available seat mile increased 2% from 9.33 to 9.53 cents, including ESOP compensation expense. Without the ESOP compensation expense, United's 1997 cost per available seat mile would have been 8.94 cents, an increase of less than 1% from 1996. ESOP compensation expense increased \$302 million (44%), reflecting the increase in the estimated average fair value of ESOP stock committed to be released to employees as a result of UAL's higher common stock price. Salaries and related costs increased \$299 million (6%) as a result of increased staffing in certain customer-contact positions, as well as mid-term wage adjustments which took effect July 1, 1997. Commissions increased \$42 million (3%) due to increased commissionable revenues, partially offset by the change in the commission structure which United implemented in the third quarter of 1997. United lowered the base commission paid to travel agents from 10% to 8% (up to a maximum of \$50) on all tickets purchased in the U.S. and Canada for both domestic and international travel. This action is expected to save approximately \$100 million annually in commission costs. Purchased services increased \$98 million (8%) due principally to volume-related increases in computer reservations fees, credit card discounts and communication charges. Aircraft maintenance increased \$154 million (34%) due to increased purchased maintenance as well as the timing of maintenance cycles. Depreciation and amortization decreased \$35 million (5%) despite the acquisition of new aircraft, due to lower depreciation on DC10-10 aircraft which are scheduled for retirement, gains on asset sales of \$23 million in 1997 compared to \$11 million in 1996, and a \$30 million charge in 1996 to reduce the carrying value of aircraft seats being replaced. Aircraft fuel decreased \$21 million (1%) despite a 3% increase in consumption, due to a 4% decrease in the price of fuel from 72.2 cents to 69.5 cents a gallon.

Other Income and Expense. Other income (expense) amounted to \$265 million in income in 1997 compared to \$153 million in expense in 1996. Interest capitalized, primarily on aircraft advance payments, increased \$27 million (35%). Interest expense decreased \$9 million (3%) due to the prepayment of long-term debt in 1996. Interest income decreased \$5 million (9%) due to lower average interest rates. In addition, 1997 included a \$275 million gain on the sale of ATS and a \$103 million gain on the initial public offering of Galileo stock. Included in 1996 is a \$20 million charge for the settlement of litigation related to the travel agency commission cap implemented by the Company in February 1995.

Other Information

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Sale of Affiliate -

In July 1997, United completed the sale of its interest in the Apollo Travel Services Partnership ("ATS"), a 77% owned affiliate whose accounts were consolidated, to Galileo International, Inc. ("Galileo"), heretofore a 38% owned affiliate accounted for under the equity method, for \$539 million in cash. This transaction resulted in a pre-tax gain of approximately \$405 million. Of this amount, \$275 million was recognized during the third quarter of 1997 and the balance will be recognized over the next 25 years, the estimated remaining life of the assets acquired by Galileo.

Galileo raised a portion of the proceeds used to purchase ATS through the completion of an initial public offering of 16,799,700 shares of its common stock, representing 16.0% of its economic interest, at \$24.50 per share for net proceeds of approximately \$390 million. This transaction resulted in a reduction of the Company's ownership in Galileo from 38% to 32%. In accordance with the Company's policy of recognizing gains or losses on the sale of a subsidiary's stock based on the difference between the offering price and the Company's carrying amount of such stock, the Company recognized a pre-tax gain of \$103 million during the third quarter of 1997. The Company also recorded \$40 million of deferred taxes related to this gain.

United continues to account for Galileo under the

equity method and to purchase computer reservations services under its existing services agreement with Galileo.

Labor Agreements and Wage Adjustments -

The 1994 recapitalization resulted in new labor agreements for certain employee groups and a new corporate governance structure, which was designed to achieve balance between the various employee-owner groups and public stockholders. The labor agreements and governance structure could inhibit management's ability to alter strategy in a volatile, competitive industry by restricting certain operating and financing activities, including the sale of assets, the issuance of equity securities and the ability to furlough employees.

Consistent with the various agreements supporting the 1994 recapitalization, in 1997, employees represented by the Air Line Pilots' Association, International ("ALPA") and the International Association of Machinists and Aerospace Workers ("IAM") ratified agreements providing for restoration of wage rates for the two groups in the year 2000 to levels that existed prior to the recapitalization in July 1994, as well as restoration of the Company's contribution to the pilots' defined contribution plan from its current rate of 1% to its pre-ESOP rate of 9% in the year 2000.

On October 1, 1997, the Association of Flight Attendants ("AFA") ratified a new contract which will remain in effect through March 1, 2006. Included in the contract were lump sum payments of 4% in December 1999 and 5% in 2001, 2003 and 2005; as well as minimum 2% wage increases in 2000, 2002 and 2004. Additionally, the contract includes a series of arbitrations beginning in 2001 which can award additional compensation increases, subject to meeting Vision 2000 goals as discussed below. The agreement also provides for benefits and work rule changes and a number of service quality and productivity enhancements designed to help the Company achieve its customer satisfaction objectives.

On July 17, 1998, the International Association of Machinists and Aerospace Workers ("IAM") became the collective-bargaining representative for United's approximately 19,000 public contact employees (primarily customer service and reservations sales and service representatives). In December, the Company and the IAM began negotiations regarding a contract for the affected employees.

Also in July 1998, United announced its intentions to improve compensation and benefits for the Company's nearly 2,000 administrative employees hired on or after February 1, 1994 ("post-ESOP employees"). Currently, the Company's administrative employees are being paid under a two-tier wage structure which went into effect at the time of the 1994 recapitalization. Effective April 13, 2000, the two-tiers will be merged and post-ESOP employees will be paid on the same basis as those employees hired prior to February 1, 1994. In addition, on January 1, 1999, the benefits for full-time post-ESOP employees will match those of employees hired prior to February 1, 1994, including company-paid medical, dental and pension, and the benefits for part-time employees will be improved.

The wage, benefit and work-rule adjustments outlined above are consistent with the Company's objective, known as Vision 2000, to put employee compensation on a competitive level with peer group compensation at the conclusion of the agreements outlined above. The ultimate cost to the Company of Vision 2000, particularly given that peer group compensation is subject to change between now and the conclusion of the agreements, is not determinable. However, as a result of these changes, the Company expects that its annual Salaries and related costs will increase at a faster rate than its major competitors from now through the year 2000.

Foreign Operations -

United generates revenues and incurs expenses in numerous foreign currencies. These expenses include aircraft leases, commissions, catering, personnel costs, reservation and ticket office services, customer service expenses and aircraft maintenance. Changes in foreign currency exchange rates impact operating income through changes in foreign currency-denominated operating revenues and expenses. Despite the adverse (favorable) effects a strengthening (weakening) foreign currency may have on U.S. originating traffic, a strengthening (weakening) of foreign

currencies tends to increase (decrease) reported revenue and operating income because United's foreign currency-denominated operating revenue generally exceeds its foreign currency-denominated operating expense for each currency.

By carrying passengers and cargo in both directions between the U.S. and almost every major economic region in the world and by selling its services in each local country, United attempts to mitigate its exposure to fluctuations in any single foreign currency. The Company's biggest net exposures are typically for Japanese yen, Hong Kong dollars, Australian dollars and British pounds. During 1998, yen-denominated operating revenue net of yen-denominated operating expense was approximately 66 billion yen (approximately \$490 million), Hong Kong dollar-denominated operating revenue net of Hong Kong dollar-denominated operating expense was approximately 1,838 million Hong Kong dollars (approximately \$236 million), Australian dollar-denominated operating revenue net of Australian dollar-denominated operating expense was approximately 245 million Australian dollars (approximately \$153 million) and British pound-denominated operating revenue net of British pound-denominated operating expense was approximately 73 million British pounds (approximately \$122 million). United hedges some of the risk of exchange rate volatility on its anticipated future yen revenues and Hong Kong revenues by purchasing put options for each respective currency. To reduce some of the costs of this hedging program, the Company also sells call options in each currency from time to time. United continually monitors its foreign currency hedging program and is no longer entering into yen option contracts. At a point in the future, United may elect to reestablish its yen hedging program. United also attempts to reduce its exposure to transaction gains and losses by converting excess local currencies generated to U.S. dollars and by entering into currency forward or exchange contracts. The total notional amount of outstanding currency options and forward exchange contracts, and their respective fair market values as of December 31, 1998, are summarized in Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

United's foreign operations involve insignificant amounts of physical assets; however, there are sizable intangible assets related to acquisitions of Atlantic and Latin American route authorities. Operating authorities in international markets are governed by bilateral aviation agreements between the United States and foreign countries. Changes in U.S. or foreign government aviation policies can lead to the alteration or termination of existing air service agreements that could adversely impact the value of United's international route authority. Significant changes in such policies could also have a material impact on UAL's operating revenues and results of operations.

Airport Rents and Landing Fees -

United is charged facility rental and landing fees at virtually every airport at which it operates. In recent years, many airports have increased or sought to increase rates charged to airlines as a means of compensating for increasing demands upon airport revenues. Airlines have challenged certain of these increases through litigation and in some cases have not been successful. The Federal Aviation Administration ("FAA") and the DOT have instituted an administrative hearing process to judge whether rate increases are legal and valid. However, to the extent the limitations on such charges are relaxed or the ability of airlines to challenge such charges is restricted, the rates charged by airports may increase substantially. Management cannot predict the magnitude of any such increase.

Update on Year 2000 Readiness -

The Company, like most corporations, faces potential problems if software applications, computer equipment and embedded computer chips fail to recognize calendar dates beginning in the year 2000. The Company has developed a five-step process to achieve Year 2000 readiness: Awareness, Inventory, Assessment, Remediation, and Testing. Awareness consists of the initial recognition that a program, system, or device could be date-sensitive and susceptible to malfunction. Inventory refers to the identification and documentation of all such programs, systems, and devices. Assessment refers to the evaluation and determination of what course of action should be taken with respect to a specific program, system or device. Remediation refers to the corrective action taken, such as repairing or replacing, to avoid malfunctions. Testing consists of all activities undertaken to gain assurance that the remediated program, system or device will function as expected for dates after

1999. The Company has established a Year 2000 Program office to oversee this process.

The above-referenced five-step process is being applied in four major areas. The first area consists of the information systems maintained and supported by the Company's Information Services Division, collectively referred to as information technology or "IT" systems. The IT systems include, among other things, (1) the hardware related infrastructure, which includes voice and data communications networks, and (2) mainframe and non-mainframe based software applications. The Company develops and uses these software applications in functions such as reservations, ticketing, flight scheduling, seat inventory and customer service.

The second area consists of user maintained applications that generally are not supported by the Company's Information Services Division. The third area consists of operational systems and devices that include, among other things, aircraft avionics, baggage handling, aircraft ground handling, passenger loading bridges, and flight simulators. User maintained applications and operational systems and devices are collectively referred to as "non-IT systems."

The fourth area consists of the Company's critical business partners which would include, among others, air traffic control systems, airport authorities, telecommunications providers, computer reservation systems, and airframe and engine manufacturers.

As discussed below, the Company remains on target in completing its five-step process. The awareness and inventory phases are complete. The assessment phase is complete with respect to IT and non-IT systems, and substantial progress has been made in the remediation phase of the IT systems, and with a few exceptions for non-critical systems, substantially all IT and non-IT systems will be remediated by March 31, 1999. The assessment process is still ongoing with respect to critical business partners.

IT systems. The Company remains on schedule for completing the remediation of its hardware infrastructure. Remediation and the initial system testing of the mainframe hardware and software is substantially complete, while all other hardware infrastructure, including data and voice networks, is expected to be remediated and tested by March 31, 1999.

Remediation and initial testing of essentially all internally developed IT software applications has been completed as of December 31, 1998.

System integration testing for all IT systems that are critical to the operations is expected to be completed by June 30, 1999, and system integration testing for all other systems is expected to be completed by June 30, 1999.

Non-IT Systems. The technical assessment stage for non-IT systems is complete. Most airport systems (including aircraft ground handling equipment, customer service equipment at airports and passenger loading bridges) are not date-sensitive and therefore will not require remediation. Those non-IT systems that are date-sensitive and critical to the Company's business, such as aircraft avionics and flight simulators, are scheduled to be substantially remediated and tested by June 30, 1999.

Critical Business Partners. The Company has grouped its critical business partners into three categories: strategic, preferred or commodity. The "strategic" category consists of those partners, such as air traffic control systems, airport authorities, telecommunications providers, computer reservation systems, and airframe and engine manufacturers, without which the Company would cease to operate. The "preferred" category consists of partners that have substantial interaction with the Company, but whose absence would not necessarily cause an immediate or irreversible interruption or cessation of business operations. The "commodity" category consists of those partners who provide goods or services that could be readily replaced and whose absence would not materially impact the business. The Company has been contacting its "strategic" partners and performing site visits to ascertain their state of Year 2000 readiness, and has contacted all of them as of December 31, 1998. Preferred and commodity partners are

being contacted to evaluate their Year 2000 remediation programs. To date the Company has contacted a significant number of preferred and commodity partners. For those partners without programs in place or not responding, the Company may look for alternate suppliers unless a Year 2000 program is in place with a planned completion date no later than June 30, 1999.

The Company is working closely with the Air Transport Association ("ATA"), an industry organization consisting mostly of North American airlines. The ATA has undertaken a study to assess the process that major domestic airports are using to achieve Year 2000 readiness. Preliminary results of that study suggest most of the larger domestic airports are making progress toward being Year 2000 compliant. Certain of the smaller domestic airports do not, as yet, have detailed Year 2000 plans in place. A similar project is underway with the International Air Transport Association to review the Year 2000 process at international airports. Current information suggests that some key international airports may be behind schedule.

The Company's aircraft manufacturers have concluded that there are no flight safety issues. However, the Company continues to test its aircraft systems and to work with its manufacturers to ensure Year 2000 readiness.

To date, the Company has projected that it will cost approximately \$90 million (\$38 million in capital spending and \$52 million in expense) to make the Company Year 2000 ready. Of that total, \$28 million has already been spent, while the remaining \$62 million is expected to be spent in 1999. All the amounts expected to be recognized as expense in 1999 have been taken into consideration in the earnings outlook discussed in the "Outlook for 1999".

A series of airline readiness reviews are planned during the second quarter of 1999 to ensure aircraft, air traffic control, airports, support groups and critical business partners are prepared for Year 2000 and can provide uninterrupted operations. By September 30, 1999, the Company will complete a risk analysis and develop risk estimates after completing the airline readiness reviews. Based on the results of the airline readiness review, the Company will develop any contingency plans that are needed. At this point in time, the Company does not have specific Year 2000 contingency plans in place. It is likely that certain international airports and air traffic control systems will not complete their Year 2000 programs by September 30, 1999. We will continue to evaluate Year 2000 readiness at these locations and develop contingency plans as needed.

The Company believes that the current and planned activities to modify its systems will reduce the risks of a business interruption. A failure by its systems to be Year 2000 ready could materially and adversely impact the Company's results of operations, liquidity and financial condition. The Company also relies heavily upon its critical business partners in its normal business activities. Failure by critical business partners to be Year 2000 ready could materially and adversely impact the Company's results of operations, liquidity and financial condition. Due to the general uncertainty surrounding the Year 2000 problem, and the uncertainty surrounding the readiness of its critical business partners, the Company is unable at this time to determine if any failure will occur or if such failure will have a material impact on the Company's results of operations, liquidity and financial condition.

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

Environmental and Legal Contingencies -

United has been named as a Potentially Responsible Party at certain Environmental Protection Agency ("EPA") cleanup sites which have been designated as Superfund Sites. United's alleged proportionate contributions at the sites are minimal; however, at sites where the EPA has commenced litigation, potential liability is joint and several. Additionally, United has participated and is participating in remediation actions at certain other sites, primarily airports. The estimated cost of these actions is accrued when it is determined that it is probable that United is

liable. Environmental regulations and remediation processes are subject to future change, and determining the actual cost of remediation will require further investigation and remediation experience. Therefore, the ultimate cost cannot be determined at this time. However, while such cost may vary from United's current estimate, United believes the difference between its accrued reserve and the ultimate liability will not be material.*

UAL has certain other contingencies resulting from this and other litigation and claims 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 such contingencies and prior experience, that the ultimate disposition of these contingencies is not likely to materially affect UAL's financial condition, operating results or liquidity.*

New Accounting Pronouncements -

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The Company has not yet quantified the impacts of adopting SFAS No. 133 on the financial statements. However, it could increase volatility in earnings and other comprehensive income.

Outlook for 1999 -

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

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

1999 unit costs excluding ESOP charge are estimated to be about 1% higher than 1998, based on an average fuel price of approximately 56 cents per gallon including taxes. Among the factors affecting costs will be the cap in international commissions instituted last year and the level of spending on Year 2000 (see "Update on Year 2000 Readiness").

In summary, the Company forecasts 1999 earnings to range between \$10.00 and \$12.00 per fully distributed share, with its internal goal being to earn \$11.00 per fully distributed share. The Company's earnings per share performance will be helped by the reduction in share count stemming from the \$500 million common stock repurchase program completed earlier this year.

For the first quarter of 1999, the Company expects system capacity growth of approximately 2.5%, with domestic capacity growing by around 4.7%. Unit costs excluding ESOP charge are estimated to be 1% higher and unit revenues are expected to be 1% lower than the same quarter 1998. This revenue assumption is based on a continuation of recent results and current data trends that indicate a reversal of the domestic revenue weakness that began in the fourth quarter of last year and lingered into the early part of the first quarter this year. This reversal could be attributable to the dissipation of economic uncertainty and an improvement in the pricing environment following the expiration of fares sold in the aftermath of Northwest Airlines' pilot strike. Separately, the Company also benefited this quarter from the recent labor unrest at American Airlines.

Based on these assumptions, the Company's expectations

for first quarter earnings fall in a range around \$1.35 per fully distributed share, the highest First Call estimate as of March 11, 1999.

The information included in the above outlook section, as well as certain statements made throughout the Management's Discussion and Analysis of Financial Condition and Results of Operations that are identified by an asterisk (*) is forward-looking and involves risks and uncertainties that could result in actual results differing materially from expected results. It is not reasonably possible to itemize all of the many factors and specific events that could affect the outlook of an airline operating in the global economy. Some factors that could significantly impact expected capacity, unit revenues, revenues, fully distributed unit costs, profits, fuel prices and fully distributed earnings per share include: the success of the Company's cost-control efforts, the outcome of negotiations on new contracts with the union groups, industry capacity decisions, the airline pricing environment, the economic environment of the airline industry, fuel prices, actions of the U.S., foreign and local governments, the Asian economic environment and travel patterns, foreign currency exchange rate fluctuations, and the general economic environment. With respect to the forward-looking statements set forth in the "Environmental and Legal Contingencies" section, some of the factors that could affect the ultimate disposition of these contingencies are changes in applicable laws, the development of facts in individual cases, settlement opportunities and the actions of plaintiffs, judges and juries. Some factors that could significantly impact the Company's expected Year 2000 readiness and the estimated cost thereof include: the results of the technical assessment, remediation and testing of date-sensitive systems and equipment and the ability of critical business partners, including domestic and international airport authorities, aircraft manufacturers and the Federal Aviation Administration, to achieve Year 2000 readiness.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk - United's exposure to market risk associated with changes in interest rates relates primarily to its debt obligations and short-term investments. United does not use derivative financial instruments in its investments portfolio. United's policy is to manage interest rate risk through a combination of fixed and floating rate debt and entering into swap agreements, depending upon market conditions. A portion of the borrowings are denominated in foreign currencies which exposes the Company to risks associated with changes in foreign exchange rates. In addition, the Company has placed foreign currency deposits (primarily for Japanese yen, French francs and German marks) to meet foreign currency lease obligations designated in the respective currencies. The Company is not exposed to foreign currency risk on these deposits since unrealized mark-to-market gains or losses on the foreign currency deposits are offset by the losses or gains on the foreign currency obligations. The fair value of these deposits is determined based on the present value of future cash flows using an appropriate swap rate. The fair value of long-term debt is based on the quoted market prices for the same or similar issues or the present value of future cash flows using a U.S. Treasury rate that matches the remaining life of the instrument, adjusted by a credit spread.

(In millions)	Expected Maturity Dates						1998		1997	
	1999	2000	2001	2002	2003	Thereafter	Total	Fair Value	Total	Fair Value
ASSETS										
Cash equivalents										
Fixed rate	\$301	\$ -	\$ -	\$ -	\$ -	\$ -	\$301	\$301	\$295	\$295
Avg interest rate	4.94%	-	-	-	-	-	4.94%		6.00%	
Variable rate	\$ 89	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89	\$ 89	\$ -	\$ -
Avg interest rate	5.32%	-	-	-	-	-	5.32%		-	
Short term investments										
Fixed rate	\$386	\$ -	\$ -	\$ -	\$ -	\$ -	\$386	\$386	\$460	\$460
Avg interest rate	5.48%	-	-	-	-	-	5.48%		5.87%	
Variable rate	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39	\$ 39	\$ 90	\$ 90
Avg interest rate	5.47%	-	-	-	-	-	5.47%		5.90%	
Foreign currency deposits										

Fixed rate-yen deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$330	\$330	\$354	\$254	\$281
Avg interest rate	-	-	-	-	-	3.05%	3.05%		3.23%	
Fixed rate-FF deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 11	\$ 13	\$ 4	\$ 4
Avg interest rate	-	-	-	-	-	5.61%	5.61%		5.82%	
Fixed rate-DM deposits	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$188	\$193	\$198	\$ 60	\$ 60
Avg interest rate	6.49%	6.49%	6.49%	6.49%	6.49%	6.49%	6.49%		6.86%	

LONG TERM DEBT

U.S. Dollar denominated

Fixed rate debt	\$ 35	\$26	\$27	\$30	\$33	\$1,338	\$1,491	\$1,729	\$1,501	\$1,725
Avg interest rate	7.45%	8.12%	8.18%	8.18%	8.18%	8.89%	8.88%		8.88%	
Variable rate debt	\$ 52	\$151	\$56	\$567	\$522	\$ 108	\$1,456	\$1,456	\$ 813	\$ 813
Avg interest rate	5.72%	5.66%	5.72%	5.85%	5.44%	5.80%	5.67%		6.23%	

Japanese Yen denominated

Fixed rate debt	\$ 10	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ 21	\$ 23	\$ 26	\$ 27
Avg interest rate	7.50%	7.50%	-	-	-	-	7.50%		7.90%	

Foreign Currency Risk - United has established a foreign currency hedging program using currency forwards and currency options (purchasing put options or selling call options) to hedge exposure to the Japanese yen and Hong Kong dollar. The goal of the hedging program is to effectively manage risk associated with fluctuations in the value of the foreign currency, thereby making financial results more stable and predictable. United does not use currency forwards or currency options for trading purposes. United is no longer entering into yen option contracts. At a point in the future, United may elect to reestablish its yen hedging program.

(In millions, except average contract rates)

	Notional Amount	Average Contract Rate	Estimated Fair Value
Forward exchange contracts			
Japanese Yen-Purchased forwards	\$ 215	105.58	\$ 3
-Sold forwards	\$ 25	122.38	\$ (2)
Hong Kong Dollar-Sold forwards	\$ 86	7.89	\$ (1)
French Franc-Purchased forwards	\$ 50	5.05	\$ 1
Currency options			
Japanese Yen-Put options	\$ 315	128.48	\$ 4
-Call options	\$ 317	127.60	\$(50)

As of December 31, 1997, United had \$122 million of Japanese yen forwards outstanding with a fair value of \$(29) million, \$200 million yen put options with a fair value of \$14 and \$132 million yen call options with a fair value of \$(1) million.

Price Risk (Aircraft Fuel) - At December 31, 1998, the Company had contracted to purchase approximately 2% of the Company's 1999 fuel requirements at an average fixed price of \$0.49 per gallon. When market conditions indicate risk reduction is achievable, United enters into fuel option contracts to reduce its price risk exposure to jet fuel. Based on projected market conditions, United does not believe risk reduction is presently achievable and is no longer entering into new option contracts. As market conditions change, so may United's hedging program. The option contracts, which involve either purchasing call options and simultaneously selling put options (collar strategy) or purchasing call options, are designed to provide protection against sharp increases in the price of aircraft fuel. In addition, to a limited extent United trades short-term heating oil futures and option contracts, which are immaterial.

(In millions, except average contract rates)

	Notional Amount	Average Contract Rate	Estimated Fair Value
Purchased call contracts - Crude oil	\$ 496	\$ 15.88/bbl	\$ 13
Sold put contracts - Crude oil	\$ 202	\$ 16.20/bbl	\$ (50)

At December 31, 1997, United had \$458 million in purchased call contracts for crude oil with an estimated fair value of \$10 million and \$403 million in sold put contracts for crude oil with an estimated fair value of \$(28) million.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and
Board of Directors, UAL Corporation:

We have audited the accompanying statements of consolidated financial position of UAL Corporation (a Delaware corporation) and subsidiary companies as of December 31, 1998 and 1997, and the related statements of consolidated operations, consolidated cash flows and consolidated stockholders' equity for each of the three years in the period ended December 31, 1998. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UAL Corporation and subsidiary companies as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule referenced in Item 14(a)2 herein is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois
February 24, 1999

UAL Corporation and Subsidiary Companies
Statements of Consolidated Operations

(In Millions, Except Per Share)

	Year Ended December 31		
	1998	1997	1996
	----	----	----
Operating revenues:			
Passenger	\$15,520	\$15,342	\$14,465
Cargo	913	892	773
Other operating revenues	1,128	1,144	1,124
	-----	-----	-----
	17,561	17,378	16,362
	-----	-----	-----

Operating expenses:			
Salaries and related costs	5,341	5,018	4,719
ESOP compensation expense	829	987	685
Aircraft fuel	1,788	2,061	2,082
Commissions	1,325	1,508	1,466
Purchased services	1,505	1,285	1,187
Aircraft rent	893	942	952
Landing fees and other rent	881	863	846
Depreciation and amortization	793	724	759
Aircraft maintenance	624	603	449
Other operating expenses	2,104	2,128	2,094
	-----	-----	-----
	16,083	16,119	15,239
	-----	-----	-----
Earnings from operations	1,478	1,259	1,123
	-----	-----	-----
Other income (expense):			
Interest expense	(355)	(286)	(295)
Interest capitalized	105	104	77
Interest income	59	52	57
Equity in earnings of affiliates	72	66	64
Gain on sale of partnership interest	-	275	-
Gain on sale of affiliate's stock	-	103	-
Miscellaneous, net	(103)	(49)	(56)
	-----	-----	-----
	(222)	265	(153)
	-----	-----	-----
Earnings before income taxes, distributions on preferred securities and extraordinary item	1,256	1,524	970
Provision for income taxes	429	561	370
	-----	-----	-----
Earnings before distributions on preferred securities and extraordinary item	827	963	600
Distributions on preferred securities, net	(6)	(5)	-
Extraordinary loss on early extinguishment of debt, net	-	(9)	(67)
	-----	-----	-----
Net earnings	\$ 821	\$ 949	\$ 533
	=====	=====	=====
Per share, basic:			
Earnings before extraordinary item	\$ 12.71	\$ 14.98	\$ 8.76
Extraordinary loss on early extinguishment of debt, net	-	(0.15)	(1.19)
	-----	-----	-----
Net earnings	\$ 12.71	\$ 14.83	\$ 7.57
	=====	=====	=====
Per share, diluted:			
Earnings before extraordinary item	\$ 6.83	\$ 9.04	\$ 5.85
Extraordinary loss on early extinguishment of debt, net	-	(0.09)	(0.79)
	-----	-----	-----
Net earnings	\$ 6.83	\$ 8.95	\$ 5.06
	=====	=====	=====

See accompanying notes to consolidated financial statements.

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

	December 31	
	1998	1997
Assets	-----	-----
-----	----	----
Current assets:		
Cash and cash equivalents	\$ 390	\$ 295
Short-term investments	425	550
Receivables, less allowance for doubtful accounts (1998-\$22; 1997-\$15)	1,138	1,051
Aircraft fuel, spare parts and supplies, less obsolescence allowance (1998-\$39; 1997-\$29)	384	355
Deferred income taxes	256	244
Prepaid expenses and other	315	453
	-----	-----
	2,908	2,948
	-----	-----
Operating property and equipment:		

Owned -		
Flight equipment	12,006	10,382
Advances on flight equipment	985	972
Other property and equipment	3,134	2,842
	-----	-----
	16,125	14,196
Less - Accumulated depreciation and amortization	5,174	5,116
	-----	-----
	10,951	9,080
	-----	-----
Capital leases -		
Flight equipment	2,605	2,221
Other property and equipment	97	98
	-----	-----
	2,702	2,319
Less - Accumulated amortization	599	625
	-----	-----
	2,103	1,694
	-----	-----
	13,054	10,774
	-----	-----
Other assets:		
Investments in affiliates	304	223
Intangibles, less accumulated amortization (1998-\$389; 1997-\$374)	676	703
Aircraft lease deposits	545	318
Prepaid rent	631	60
Other	441	438
	-----	-----
	2,597	1,742
	-----	-----
	\$18,559	\$15,464
	=====	=====

See accompanying notes to consolidated financial statements.

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

	December 31	
	-----	-----
Liabilities and Stockholders' Equity	1998	1997
-----	----	----
Current liabilities:		
Notes payable	\$ 184	\$ -
Long-term debt maturing within one year	98	235
Current obligations under capital leases	176	171
Advance ticket sales	1,429	1,267
Accounts payable	1,151	1,030
Accrued salaries, wages and benefits	952	869
Accrued aircraft rent	793	830
Other accrued liabilities	885	846
	-----	-----
	5,668	5,248
	-----	-----
Long-term debt	2,858	2,092
	-----	-----
Long-term obligations under capital leases	2,113	1,679
	-----	-----
Other liabilities and deferred credits:		
Deferred pension liability	89	25
Postretirement benefit liability	1,424	1,361
Deferred gains	1,180	1,210
Accrued aircraft rent	371	368
Deferred income taxes	398	79
Other	354	450
	-----	-----
	3,816	3,493
	-----	-----
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	100	101
	-----	-----
Equity put options	32	-
	-----	-----
Preferred stock committed to Supplemental ESOP	691	514
	-----	-----
Stockholders' equity:		
Serial preferred stock (Note 12)	-	-

ESOP preferred stock (Note 13)	-	-
Common stock at par, \$0.01 par value; authorized 200,000,000 shares; issued 63,005,869 shares at December 31, 1998 and 61,288,039 shares at December 31, 1997	1	1
Additional capital invested	3,517	2,876
Retained earnings	1,028	309
Unearned ESOP preferred stock	(121)	(177)
Stock held in treasury, at cost - Preferred, 10,213,519 depository shares at December 31, 1998 and 10,149,219 depository shares at December 31, 1997 (Note 12)	(305)	(302)
Common, 11,201,216 shares at December 31, 1998 and 3,967,553 shares at December 31, 1997	(835)	(361)
Accumulated other comprehensive income	(2)	(2)
Other	(2)	(7)
	-----	-----
	3,281	2,337
	-----	-----
Commitments and contingent liabilities (Note 18)	-----	-----
	\$18,559	\$15,464
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31		
	1998	1997	1996
	----	----	----
Cash and cash equivalents at beginning of year	\$ 295	\$ 229	\$ 194
	-----	-----	-----
Cash flows from operating activities:			
Net earnings	821	949	533
Adjustments to reconcile to net cash provided by operating activities -			
ESOP compensation expense	829	987	685
Extraordinary loss on debt extinguishment, net of tax	-	9	67
Gain on sale of partnership interest	-	(275)	-
Gain on sale of affiliate's stock	-	(103)	-
Pension funding less than (greater than) expense	101	43	(279)
Deferred postretirement benefit expense	149	139	130
Depreciation and amortization	793	724	759
Provision for deferred income taxes	307	194	69
Undistributed earnings of affiliates	(62)	(16)	(49)
Increase in receivables	(97)	(222)	(10)
Decrease (increase) in other current assets	105	-	(105)
Increase in advance ticket sales	162	78	89
Increase in accrued income taxes	38	20	84
Increase in accounts payable and accrued liabilities	69	16	294
Amortization of deferred gains	(64)	(64)	(63)
Other, net	43	88	249
	-----	-----	-----
	3,194	2,567	2,453
	-----	-----	-----
Cash flows from investing activities:			
Additions to property and equipment	(2,832)	(2,812)	(1,538)
Proceeds on disposition of property and equipment	452	83	55
Proceeds on disposition of partnership interest	-	539	-
Decrease (increase) in short-term investments	125	(82)	482
Other, net	(63)	(29)	18
	-----	-----	-----
	(2,318)	(2,301)	(983)
	-----	-----	-----
Cash flows from financing activities:			
Reacquisition of preferred stock	(3)	-	(84)
Repurchase of common stock	(459)	(250)	-
Proceeds from issuance of long-term debt	928	597	-
Repayment of long-term debt	(271)	(301)	(791)
Principal payments under capital leases	(322)	(147)	(112)
Purchase of equipment certificates under			

Company operating leases	(693)	-	-
Conversion of subordinated debentures	-	-	(324)
Increase in short-term borrowings	184	-	-
Aircraft lease deposits	(154)	(112)	(110)
Cash dividends	(10)	(10)	(22)
Other, net	19	23	8
	-----	-----	-----
	(781)	(200)	(1,435)
	-----	-----	-----
Increase in cash and cash equivalents during the year	95	66	35
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 390	\$ 295	\$ 229
	=====	=====	=====

See accompanying notes to consolidated financial statements.

UAL Corporation and Subsidiary Companies
Statements of Consolidated Stockholders' Equity
(In Millions, Except Per Share)

	Preferred Stock	Common Stock	Additional Capital Invested	Retained Earnings (Deficit)	Unearned ESOP Preferred Stock	Treasury Stock	Accumulated Other Comp Income	Other	Total
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance at December 31, 1995	\$ -	\$ -	\$1,353	\$(1,039)	\$(175)	\$(282)	\$(74)	\$(22)	\$(239)
Year ended December 31, 1996:									
Net earnings	-	-	-	533	-	-	-	-	533
Other comprehensive income, net:									
Unrealized losses on securities, net	-	-	-	-	-	-	(1)	-	(1)
Minimum pension liability adj.	-	-	-	-	-	-	75	-	75
Total comprehensive income	-	-	-	533	-	-	74	-	607
Cash dividends on preferred stock (\$1.44 per Series B)	-	-	-	(20)	-	-	-	-	(20)
Conversion of Series A debentures-Exchange of Series B preferred stock	-	-	217	-	-	-	-	-	217
Issuance and amortization of ESOP preferred stock	-	-	(102)	-	-	-	-	-	(102)
Reacquisition of Series B preferred stock	-	-	735	-	(50)	-	-	-	685
ESOP dividend (\$8.89 per share)	-	-	17	(40)	23	(84)	-	-	(84)
Preferred stock committed to Supplemental ESOP	-	-	(106)	-	-	-	-	-	(106)
Other	-	1	46	-	-	(19)	-	9	37
Balance at December 31, 1996	-	1	2,160	(566)	(202)	(385)	-	(13)	995
Year ended December 31, 1997:									
Net earnings	-	-	-	949	-	-	-	-	949
Other comprehensive income, net:									
Minimum pension liability adj.	-	-	-	-	-	-	(2)	-	(2)
Total comprehensive income	-	-	-	949	-	-	(2)	-	947
Cash dividends on preferred stock (\$1.44 per Series B)	-	-	-	(10)	-	-	-	-	(10)
Common stock repurchases	-	-	-	-	-	(250)	-	-	(250)
Issuance and amortization of ESOP preferred stock	-	-	993	-	(6)	-	-	-	987
ESOP dividend (\$8.89 per share)	-	-	36	(67)	31	-	-	-	-
Preferred stock committed to Supplemental ESOP	-	-	(349)	-	-	-	-	-	(349)
Other	-	-	36	3	-	(28)	-	6	17
Balance at December 31, 1997	-	1	2,876	309	(177)	(663)	(2)	(7)	2,377
Year ended December 31, 1998:									
Net earnings	-	-	-	821	-	-	-	-	821
Other comprehensive income, net:									
Unrealized gains on securities, net	-	-	-	-	-	-	1	-	1
Minimum pension liability adj.	-	-	-	-	-	-	(1)	-	(1)
Total comprehensive income	-	-	-	821	-	-	-	-	821
Cash dividends on preferred stock (\$1.44 per Series B)	-	-	-	(10)	-	-	-	-	(10)

Common stock repurchases	-	-	-	-	-	(459)	-	-	(459)
Issuance and amortization of									
ESOP preferred stock	-	-	823	-	6	-	-	-	829
ESOP dividend (\$8.89 per share)	-	-	42	(92)	50	-	-	-	-
Preferred stock committed to									
Supplemental ESOP	-	-	(177)	-	-	-	-	-	(177)
Other	-	-	(47)	-	-	(18)	-	5	(60)
	----	----	-----	-----	-----	-----	-----	-----	-----
Balance at December 31, 1998	\$ -	\$ 1	\$3,517	\$ 1,028	\$(121)	\$(1,140)	\$ (2)	\$ (2)	\$3,281
	=====	=====	=====	=====	=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation - UAL Corporation ("UAL") is a holding company whose principal subsidiary is United Air Lines, Inc. ("United"). The consolidated financial statements include the accounts of UAL and all of its majority-owned affiliates (collectively "the Company"). All significant intercompany transactions are eliminated. Investments in affiliates are carried on the equity basis. Certain prior-year financial statement items have been reclassified to conform to the current year's presentation.

(b) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Airline Revenues - Passenger fares and cargo revenues are recorded as operating revenues when the transportation is furnished. The value of unused passenger tickets is included in current liabilities.

(d) Cash and Cash Equivalents and Short-term Investments - Cash in excess of operating requirements is invested in short-term, highly liquid, income-producing investments. Investments with a maturity of three months or less on their acquisition date are classified as cash and cash equivalents. Other investments are classified as short-term investments.

From time to time, United lends certain of its securities classified as cash and cash equivalents and short-term investments to third parties. United requires collateral in an amount exceeding the value of the securities and is obligated to reacquire the securities at the end of the contract. United accounts for these transactions as secured borrowings rather than sales, and so does not remove the securities from the balance sheet. At December 31, 1998, United is obligated to repurchase \$142 million of securities lent to third parties.

At December 31, 1998 and 1997, \$418 million and \$440 million, respectively, of investments in debt securities included in cash and cash equivalents and short-term investments were classified as available-for-sale, and \$241 million and \$287 million, respectively, were classified as held-to-maturity. Investments in debt securities classified as available-for-sale are stated at fair value based on the quoted market prices for the securities, which does not differ significantly from their cost basis. Investments classified as held-to-maturity are stated at cost which approximates market due to their short-term maturities. The proceeds from sales of available-for-sale securities are included in interest income for each respective year.

(e) Derivative Financial Instruments -

Foreign Currency - From time to time, United enters into Japanese yen forward exchange contracts to minimize gains and losses on the revaluation of short-term yen-denominated liabilities. The yen forwards typically have short-term maturities and are marked to fair value at the end of each accounting period. The unrealized mark-to-market gains and losses on the yen forwards generally offset the losses and gains recorded on the yen liabilities.

United has also entered into forwards and swaps to

reduce exposure to currency fluctuations on yen- and French franc-denominated capital lease obligations. The cash flows of the forwards and swaps mirror those of the capital leases. The premiums on the forwards and swaps, as measured at inception, are being amortized over their respective lives as components of interest expense. Any gains or losses realized upon early termination of these forwards and swaps are deferred and recognized in income over the remaining life of the underlying exposure.

The Company hedges some of the risks of exchange rate volatility on its anticipated future yen and Hong Kong dollar revenues by purchasing put options with little or no intrinsic value for each respective currency. The amount and duration of these options are synchronized with the expected revenues, and thus, the put options have been designated as a hedge. The premiums on purchased option contracts are amortized over the lives of the contracts. Unrealized gains on purchased put option contracts are deferred until contract expiration and then recognized as a component of passenger revenue. To reduce hedging costs, the Company sells call options in each of these currencies from time to time. At the end of each accounting period, the written call option contracts are marked-to-market and unrealized losses are recorded in "Miscellaneous, net".

Interest Rates - United may from time to time, enter into swaps to reduce exposure to interest rate fluctuations in connection with certain debt, capital leases and operating leases. The cash flows of the swaps mirror those of the underlying exposures. The premiums on the swaps, as measured at inception, are amortized over their respective lives as components of interest expense. Any gains or losses realized upon the early termination of these swaps are deferred and recognized in income over the remaining life of the underlying exposure.

Aircraft Fuel - United uses a combination of a collar option strategy, involving the simultaneous purchase of fuel call options with the simultaneous sale of fuel put options with identical expiration dates, and purchased call options to hedge a portion of its price risk related to aircraft fuel purchases. The collars and purchased call options have been designated as a hedge. Gains or losses on hedge positions are recognized upon contract expiration as a component of aircraft fuel inventory. In addition, to a limited extent, United trades short-term heating oil futures contracts. Unrealized losses on these contracts are recorded currently in income while unrealized gains are deferred until contract expiration. Both gains and losses are recorded as a component of aircraft fuel expense.

(f) Aircraft Fuel, Spare Parts and Supplies - Aircraft fuel and maintenance and operating supplies are stated at average cost. Flight equipment spare parts are stated at average cost less an obsolescence allowance.

(g) Operating Property and Equipment - Owned operating property and equipment is stated at cost. Property under capital leases, and the related obligation for future lease payments, are initially recorded at an amount equal to the then present value of those lease payments.

Depreciation and amortization of owned depreciable assets is based on the straight-line method over their estimated service lives. Leasehold improvements are amortized over the remaining period of the lease or the estimated service life of the related asset, whichever is less. Aircraft are depreciated to estimated salvage values, generally over lives of 10 to 30 years; buildings are depreciated over lives of 25 to 45 years; and other property and equipment are depreciated over lives of 3 to 15 years.

Properties under capital leases are amortized on the straight-line method over the life of the lease, or in the case of certain aircraft, over their estimated service lives. Lease terms are 10 to 30 years for aircraft and flight simulators and 25 years for buildings. Amortization of capital leases is included in depreciation and amortization expense.

Maintenance and repairs, including the cost of minor replacements, are charged to maintenance expense accounts. Costs of additions to and renewals of units of property are charged to property and equipment accounts.

(h) Intangibles - Intangibles consist primarily of route acquisition costs and intangible pension assets (see

Note 16). Route acquisition costs are amortized over 40 years.

(i) Mileage Plus Awards - United accrues the estimated incremental cost of providing free travel awards earned under its Mileage Plus frequent flyer program (including awards earned from mileage credits sold) when such award levels are reached. United, through its wholly owned subsidiary, Mileage Plus Holdings, Inc., sells mileage credits to participating partners in the Mileage Plus program. The resulting revenue is recorded in other operating revenues during the period in which the credits are sold.

(j) Deferred Gains - Gains on aircraft sale and leaseback transactions are deferred and amortized over the lives of the leases as a reduction of rental expense.

(2) Employee Stock Ownership Plans and Recapitalization

On July 12, 1994, the shareholders of UAL approved a plan of recapitalization to provide an approximately 55% equity interest in UAL to certain employees of United in exchange for wage concessions and work-rule changes. The employees' equity interest is being allocated to individual employees through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as a part of the recapitalization.

The ESOPs cover employees represented by the Air Line Pilots' Association, International, the International Association of Machinists and Aerospace Workers and U.S. management and salaried employees. The ESOPs include a "Leveraged ESOP", a "Non-Leveraged ESOP" and a "Supplemental ESOP." Both the Leveraged ESOP and the Non-Leveraged ESOP are tax-qualified plans while the Supplemental ESOP is not a tax-qualified plan. Shares are delivered to employees primarily through the Leveraged ESOP, secondly, through the Non-Leveraged ESOP, and lastly, through the Supplemental ESOP.

The equity interests are being delivered to employees through two classes of preferred stock (Class 1 and Class 2 ESOP Preferred Stock, collectively "ESOP Preferred Stock"), and the voting interests are being delivered through three separate classes of preferred stocks (Class P, M and S Voting Preferred Stock, collectively, "Voting Preferred Stock"). The Class 1 ESOP Preferred Stock is being delivered to an ESOP trust in seven separate sales through January 1, 2000 under the Leveraged ESOP, five of which have already taken place. Based on Internal Revenue Code Limitations, shares of the Class 2 ESOP Preferred Stock are either contributed to the Non-Leveraged ESOP or allocated as "book entry" shares to the Supplemental ESOP, annually through the year 2000. The classes of preferred stock are described more fully in Note 13, "ESOP Preferred Stock".

The Leveraged ESOP and Non-Leveraged ESOP are being accounted for under AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" ("SOP"). For the Leveraged ESOP, as shares of Class 1 ESOP Preferred Stock are sold to an ESOP trust, the Company reports the issuance as a credit to additional capital invested and records a corresponding charge to unearned ESOP preferred stock. Shares are committed to be released to employees on a pro rata basis through April 12, 2000. ESOP compensation expense is recorded for the average fair value of the shares committed to be released during the period with a corresponding credit to unearned ESOP preferred stock for the cost of the shares. Any difference between the fair value of the shares and the cost of the shares is charged or credited to additional capital invested. For the Non-Leveraged ESOP, the Class 2 ESOP Preferred Stock is recorded as additional capital invested as the shares are committed to be contributed, with the offsetting charge to ESOP compensation expense. The ESOP compensation expense is based on the average fair value of the shares committed to be contributed. The Supplemental ESOP is being accounted for under Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees" ("APB 25").

Shares of ESOP Preferred Stock are legally released or allocated to employee accounts as of year-end. Dividends on the ESOP Preferred Stock are also paid at the end of the year. Dividends on unallocated shares are used by the ESOP to pay down the loan from UAL and are not considered dividends for financial reporting purposes. Dividends on allocated shares are satisfied by releasing shares from the

ESOP's suspense account to the employee accounts and are charged to equity.

During 1998, 2,087,531 shares of Class 1 ESOP Preferred Stock, 97,406 shares of Class 2 ESOP Preferred Stock and 2,182,628 shares of Voting Preferred Stock were allocated to employee accounts, and another 889,031 shares of Class 2 ESOP Preferred Stock were allocated in the form of "book entry" shares, effective December 31, 1997. Another 78,821 shares of Class 2 ESOP Preferred Stock previously allocated in book entry form were issued and either contributed to the qualified plan or converted and sold on behalf of terminating employees. At December 31, 1998, the year-end allocation of Class 1 ESOP Preferred Stock to employee accounts had not yet been completed. There were 2,334,375 shares of Class 1 ESOP Preferred Stock committed to be released and 565,823 shares held in suspense by the ESOP as of December 31, 1998. For the Class 2 ESOP Preferred Stock, 739,598 shares were committed to be contributed to employees at December 31, 1998. The fair value of the unearned ESOP shares recorded on the balance sheet at December 31, 1998 and 1997 was \$141 million and \$344 million, respectively.

For the Class 2 ESOP Preferred Stock committed to be contributed to employees under the Supplemental ESOP, employees can elect to receive their "book entry" shares in cash upon termination of employment. The estimated fair value of such shares at December 31, 1998 and 1997 was \$600 million and \$679 million, respectively.

(3) Other Income (Expense) - Miscellaneous

Other income (expense) - "miscellaneous, net" consisted of the following:

(In Millions)	1998	1997	1996
Foreign exchange losses	\$ (84)	\$ (19)	\$ (8)
Minority interests	-	(15)	(21)
Travel agency litigation settlement	-	-	(20)
Other	(19)	(15)	(7)
	====	====	====
	\$ (103)	\$ (49)	\$ (56)

(4) Other Comprehensive Income

On January 1, 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" which establishes standards for displaying comprehensive income and its components. The following table presents the tax effect of those items included in other comprehensive income:

	Year Ended December 31,								
	1998			1997			1996		
	Pre-Tax	Tax Effect	Net of Tax	Pre-Tax	Tax Effect	Net of Tax	Pre-Tax	Tax Effect	Net of Tax
Unrealized gains (losses) on securities:									
Unrealized holding gains (losses) arising during period	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ (1)
Less: reclassification adjustments realized in net income	-	-	-	-	-	-	-	-	-
Net unrealized gains (losses)	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ (1)
Minimum pension liability	(1)	-	(1)	(4)	2	(2)	122	(47)	75
Total other comprehensive income	\$ -	\$ -	\$ -	\$ (4)	\$ 2	\$ (2)	\$ 121	\$ (47)	\$ 74

The components of accumulated other comprehensive income consist of the following items:

	Unrealized Gains (Losses) on Securities	Minimum Pension Liability	Accumulated Other Comprehensive Income
	-----	-----	-----
December 31, 1995	\$ 1	\$ (75)	\$ (74)
Current period change	(1)	75	74
	---	---	---
December 31, 1996	\$ -	\$ -	\$ -
Current period change	-	(2)	(2)
	---	---	---
December 31, 1997	\$ -	\$ (2)	\$ (2)
Current period change	1	(1)	-
	---	---	---
December 31, 1998	\$ 1	\$ (3)	\$ (2)
	===	===	===

(5) Per Share Amounts

Basic earnings per share were computed by dividing net income by the weighted-average number of shares of common stock outstanding during the year. In addition, diluted earnings per share amounts include potential common shares including ESOP shares committed to be released, and assume the conversion of convertible debentures (for periods not actually converted) and elimination of related interest expense.

Earnings Attributable to Common Shareholders (Millions)	1998	1997	1996
-----	----	----	----
Net Income	\$ 821	\$ 949	\$ 533
Preferred stock dividends	(102)	(77)	(60)
Preferred stock transactions(1)	-	-	(48)
	----	----	----
Earnings attributable to common shareholders (Basic)	\$ 719	\$ 872	\$ 425
Interest on convertible debentures, net of tax	-	-	2
Other	-	-	1
	----	----	----
Earnings attributable to common shareholders (Diluted)	\$ 719	\$ 872	\$ 428
	=====	=====	=====
Shares (Millions)			

Weighted average shares outstanding (Basic)	56.5	58.8	56.1
Convertible preferred stock	47.1	35.9	24.0
Incremental shares related to convertible debentures and other	1.6	2.7	4.5
	----	----	----
Weighted average number of shares (Diluted)	105.2	97.4	84.6
	=====	=====	=====
Earnings Per Share			

Basic	\$12.71	\$14.83	\$ 7.57
Diluted	\$ 6.83	\$ 8.95	\$ 5.06

(1) In December 1996, a UAL-controlled trust issued trust-originated preferred securities in exchange for shares of Series B preferred stock and recorded a non-cash decrease of \$27 million in additional paid in capital invested representing the excess of the fair value of the new securities over the carrying value of Series B. Also, during 1996, the Company repurchased shares of its Series B preferred stock, resulting in increases to additional capital invested representing the excess of amounts paid to reacquire the preferred stock over the liquidation preference of such stock. These transactions had no effect on earnings; however, their net impact on UAL's equity is included in the computation of earnings per share.

At December 31, 1998, stock options to purchase 1,328,912 shares of common stock were outstanding, but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

(6) Affiliates

United owns 32% of Galileo International, Inc. ("Galileo") through a wholly owned subsidiary. United's investment in Galileo, which owns the Apollo and Galileo computer reservations systems, is carried on the equity basis.

Included in the Company's retained earnings is approximately \$218 million of undistributed earnings of Galileo and its predecessor companies. The market value of United's investment in Galileo at December 31, 1998 and 1997 was \$1,455 million and \$924 million, respectively.

In July 1997, United completed the sale of its interest in the Apollo Travel Services Partnership ("ATS") a 77% owned affiliate whose accounts were consolidated, to Galileo for \$539 million in cash. See Other Information, "Sale of Affiliate" in Management's Discussion and Analysis of Financial Condition and Results of Operations for further details on the transaction.

Under operating agreements with Galileo, United purchases computer reservations services from Galileo and during 1998 provided communications services to Galileo, while during 1997 and 1996 provided marketing, sales and communication services to Galileo. Revenues derived from the sale of services to Galileo amounted to approximately \$13 million in 1998, \$159 million in 1997 and \$249 million in 1996. The cost to United of services purchased from Galileo amounted to approximately \$170 million in 1998, \$134 million in 1997 and \$114 million in 1996. In connection with the sale of ATS, United entered into an additional services agreement with Galileo under which the Company will provide certain marketing and other services designed to increase the competitiveness of Galileo's business and to generate additional bookings and revenues for Galileo. Under this agreement, United could receive additional consideration in the sixth year following the sale, based on specified improvements in air booking revenues over a five-year period.

Prior to the sale to Galileo, ATS contributed the following amounts to the Company's consolidated results, net of intercompany eliminations and minority interests:

(In Millions)	Year Ended December 31,	
	1997	1996
	----	----
Operating revenues	\$ 147	\$ 239
Operating income	\$ 63	\$ 86
Earnings before income taxes	\$ 50	\$ 70

(7) Income Taxes

In 1998, the alternative minimum tax ("AMT") liability of the Company exceeded the regular tax liability resulting in additional AMT credits. The federal income tax liability is the greater of the tax computed using the regular tax system or the tax under the AMT system. If the regular tax liability exceeds the AMT liability and AMT credits are available, then AMT credits are used to reduce the net tax liability to the amount of the AMT liability.

The provision for income taxes is summarized as follows:

(In Millions)	1998	1997	1996
-----	----	----	----
Current -			
Federal	\$ 113	\$ 312	\$ 281
State	9	55	20
	----	----	----
	122	367	301
	----	----	----
Deferred -			
Federal	270	178	47
State	37	16	22
	----	----	----
	307	194	69
	----	----	----
	\$ 429	\$ 561	\$ 370
	=====	=====	=====

The income tax provision differed from amounts computed at the statutory federal income tax rate, as follows:

(In Millions)	1998	1997	1996
Income tax provision at statutory rate	\$ 440	\$ 533	\$ 339
State income taxes, net of federal income tax benefit	30	46	28
ESOP dividends	(33)	(25)	(13)
Nondeductible employee meals	24	26	25
Tax credits	(7)	(2)	(2)
Other, net	(25)	(17)	(7)
	-----	-----	-----
	\$ 429	\$ 561	\$ 370
	=====	=====	=====

Temporary differences and carryforwards that give rise to a significant portion of deferred tax assets and liabilities for 1998 and 1997 are as follows:

(In Millions)	1998		1997	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	-----	-----	-----	-----
Employee benefits, including postretirement medical and ESOP	\$ 964	\$ 130	\$ 918	\$ 156
Depreciation, capitalized interest and transfers of tax benefits	-	1,937	-	1,466
Gains on sale and leasebacks	368	-	398	-
Rent expense	411	-	382	-
AMT credit carryforwards	198	-	137	-
Other	773	789	422	470
	-----	-----	-----	-----
	\$2,714	\$2,856	\$2,257	\$2,092
	=====	=====	=====	=====

At December 31, 1998, UAL and its subsidiaries had \$198 million of federal AMT credits and \$8 million of foreign tax credits which may be carried forward to reduce the tax liabilities of future years.

(8) Short-Term Borrowings

United has an agreement with a syndicate of banks for a \$750 million revolving credit facility expiring in 2002. Interest on drawn amounts under the facility is calculated at floating rates based on the London interbank offered rate ("LIBOR") plus a margin which is subject to adjustment based on certain changes in the credit ratings of United's long-term senior unsecured debt. Among other restrictions, the credit facility contains a covenant that restricts United's ability to grant liens on or otherwise encumber certain identified assets with a market value of approximately \$1.1 billion.

In addition, United had outstanding \$184 million under a separate short-term borrowing facility, bearing an average interest rate of 5.50%. Receivables amounting to \$358 million were pledged by United to secure repayment of such outstanding borrowings. The maximum available borrowing amount under this arrangement is \$227 million.

(9) Long-Term Debt

A summary of long-term debt, including current maturities, as of December 31 is as follows (interest rates are as of December 31, 1998):

(In Millions)	1998	1997
	-----	-----
Secured notes, 5.13% to 8.99%, averaging 6.74%, due through 2014	\$1,389	\$1,295
Debentures, 9.00% to 11.21%, averaging 9.97%, due through 2021	785	785
Promissory notes, 5.63% to 11.00%, averaging 6.13%, due through 2000	13	70
Commercial paper, 5.42%, due through 2003	591	-
Special facility bonds, 5.63%, due 2034	190	190
	-----	-----
	2,968	2,340
	-----	-----
Less: Unamortized discount on debt	(12)	(13)

Current maturities	(98)	(235)
	-----	-----
	\$2,858	\$2,092
	=====	=====

In March 1998, the Company, through a special-purpose financing entity that is consolidated, issued \$604 million of commercial paper to refinance certain lease commitments. Although the issued commercial paper has short maturities, the Company expects to continually rollover this obligation throughout the 5-year life of its supporting liquidity facility or bank standby facility. As such, the commercial paper is classified as a long-term obligation in the Company's statement of financial position.

In addition to scheduled principal payments, in 1997 the Company repaid \$84 million in principal amount of secured notes and \$51 million in principal amount of debentures prior to maturity. These obligations were scheduled to mature at various times from 2000 through 2021. An extraordinary loss of \$9 million, net of tax benefits of \$5 million was recorded reflecting amounts paid in excess of the debt carrying value.

In 1997, the California Statewide Communities Development Authority (the "Authority") issued \$190 million in special facilities revenue bonds to finance the acquisition and construction of certain facilities at the Los Angeles International Airport ("LAX") which United guarantees payment of under a payment agreement with the Authority. The bond proceeds are restricted to expenditures on the LAX facilities and unspent amounts are classified as other assets in the balance sheet.

At December 31, 1998, United had outstanding a total of \$1.456 billion of long-term debt bearing interest rates at 22 to 47.5 basis points over LIBOR.

Maturities of long-term debt for each of the four years after 1999 are: 2000 - \$188 million; 2001 - \$83 million; 2002 - \$597 million; and 2003 - \$555 million. Various assets, principally aircraft, having an aggregate book value of \$1.522 billion at December 31, 1998, were pledged as security under various loan agreements.

(10) Lease Obligations

The Company leases aircraft, airport passenger terminal space, aircraft hangars and related maintenance facilities, cargo terminals, other airport facilities, real estate, office and computer equipment and vehicles.

Future minimum lease payments as of December 31, 1998, under capital leases (substantially all of which are for aircraft) and operating leases having initial or remaining noncancelable lease terms of more than one year are as follows:

(In Millions)	Operating Leases		Capital
	Aircraft	Non-aircraft	Leases
	-----	-----	-----
Payable during -			
1999	\$ 869	\$ 451	\$ 317
2000	882	447	308
2001	865	439	399
2002	854	420	341
2003	892	413	242
After 2003	10,729	6,537	1,759
	-----	-----	-----
Total minimum lease payments	\$15,091	\$ 8,707	\$ 3,366
	=====	=====	
Imputed interest (at rates of 5.3% to 12.2%)			(1,077)

Present value of minimum lease payments			2,289
Current portion			(176)

Long-term obligations under capital leases			\$ 2,113
			=====

As of December 31, 1998, United leased 309 aircraft, 68 of which were under capital leases. These leases have terms of 10 to 26 years, and expiration dates range from 1999 through 2020.

In connection with the financing of certain aircraft

accounted for as capital leases, United had on deposit at December 31, 1998 an aggregate 38 billion yen (\$330 million), 324 million German marks (\$193 million), 60 million French francs (\$11 million) and \$11 million in certain banks and had pledged an irrevocable security interest in such deposits to certain of the aircraft lessors. These deposits will be used to pay off an equivalent amount of recorded capital lease obligations.

Amounts charged to rent expense, net of minor amounts of sublease rentals, were \$1.385 billion in 1998, \$1.416 billion in 1997 and \$1.424 billion in 1996. Included in 1998 rental expense was \$15 million in contingent rentals, resulting from changes in interest rates for operating leases under which the rent payments are based on variable interest rates.

(11) Company-Obligated Mandatorily Redeemable Preferred Securities of a Subsidiary Trust

In December 1996, UAL Corporation Capital Trust I (the "Trust") issued \$75 million of its 13 1/4% Trust Originated Preferred Securities (the "Preferred Securities") in exchange for 2,999,304 depository shares, each representing 1/1000 of one share of Series B 12 1/4% preferred stock (see Note 12). Concurrent with the issuance of the Preferred Securities and the related purchase by UAL of the Trust's common securities, the Company issued to the Trust \$77 million aggregate principal amount of its 13 1/4% Junior Subordinated Debentures (the "Debentures") due 2026. The Debentures are and will be the sole assets of the Trust. The interest and other payment dates on the Debentures correspond to the distribution and other payment dates on the Preferred Securities. Upon maturity or redemption of the Debentures, the Preferred Securities will be mandatorily redeemed. The Debentures are redeemable at UAL's option, in whole or in part, on or after July 12, 2004, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to the redemption date. Upon the repayment of the Debentures, the proceeds thereof will be applied to redeem the Preferred Securities.

There is a full and unconditional guarantee by UAL of the Trust's obligations under the securities issued by the Trust. However, the Company's obligations are subordinate and junior in right of payment to certain other of its indebtedness. UAL has the right to defer payments of interest on the Debentures by extending the interest payment period, at any time, for up to 20 consecutive quarters. If interest payments on the Debentures are so deferred, distributions on the Preferred Securities will also be deferred. During any deferral, distributions will continue to accrue with interest thereon. In addition, during any such deferral, UAL may not declare or pay any dividend or other distribution on, or redeem or purchase, any of its capital stock.

The fair value of the Preferred Securities at December 31, 1998 and 1997 was \$90 and \$106 million, respectively.

(12) Serial Preferred Stock

At December 31, 1998, UAL had outstanding 3,203,177 depository shares, each representing 1/1000 of one share of Series B 12 1/4% preferred stock, with a liquidation preference of \$25 per depository share (\$25,000 per Series B preferred share) and a stated capital of \$0.01 per Series B preferred share. Under its terms, any portion of the Series B preferred stock or the depository shares is redeemable for cash after July 11, 2004, at UAL's option, at the equivalent of \$25 per depository share, plus accrued dividends. The Series B preferred stock is not convertible into any other securities, has no stated maturity and is not subject to mandatory redemption.

The Series B preferred stock ranks senior to all other preferred and common stock, except the Preferred Securities, as to receipt of dividends and amounts distributed upon liquidation. The Series B preferred stock has voting rights only to the extent required by law and with respect to charter amendments that adversely affect the preferred stock or the creation or issuance of any security ranking senior to the preferred stock. Additionally, if dividends are not paid for six cumulative quarters, the Series B preferred stockholders are entitled to elect two additional members to the UAL Board of Directors until all dividends are paid in full. Pursuant to UAL's restated certificate of incorporation, UAL is authorized to issue a total of 50,000

shares of Series B preferred stock.

During 1998, UAL repurchased 64,300 depository shares, at an aggregate cost of \$3 million, to be held in treasury.

UAL is authorized to issue up to 15,986,584 additional shares of serial preferred stock.

(13) ESOP Preferred Stock

The following activity related to UAL's outstanding ESOP preferred stocks (see Note 2 for a description of the ESOPs):

	Class 1 ESOP	Class 2 ESOP	ESOP Voting
Balance December 31, 1995	4,632,505	302,071	1,438,393
Shares issued	2,367,575	381,044	3,073,970
Converted to common	(49,618)	(38,605)	(89,927)
Balance December 31, 1996	6,950,462	644,510	4,422,436
Shares issued	1,848,629	242,877	3,073,969
Converted to common	(146,473)	(81,127)	(229,999)
Balance December 31, 1997	8,652,618	806,260	7,266,406
Shares issued	2,011,812	177,166	3,073,969
Converted to common	(213,061)	(116,104)	(331,620)
Balance December 31, 1998	10,451,369	867,322	10,008,755

An aggregate of 17,675,345 shares of Class 1 and Class 2 ESOP Preferred Stock will be issued to employees under the ESOPs. Each share of ESOP Preferred Stock is convertible into four shares of UAL common stock and shares are converted to common as employees retire or otherwise leave the Company. The stock has a par value of \$0.01 per share and is nonvoting. The Class 1 ESOP Preferred Stock has a liquidation value of \$126.96 per share plus all accrued and unpaid dividends; the Class 2 does not have a liquidation value. The Class 1 ESOP Preferred Stock provides a fixed annual dividend of \$8.8872 per share, which ceases on March 31, 2000; the Class 2 does not pay a fixed dividend.

Class P, M and S Voting Preferred Stocks were established to provide the voting power to the employee groups participating in the ESOPs. Additional Voting Preferred Stock is issued as shares of the Class 1 and Class 2 ESOP Preferred Stock are allocated to employees. In the aggregate, 17,675,345 shares of Voting Preferred Stock will be issued through the year 2000. The Voting Preferred Stock outstanding at any time commands voting power for approximately 55% of the vote of all classes of capital stock in all matters requiring a stockholder vote, other than for the election of members of the Board of Directors. The Voting Preferred Stock has a par value and liquidation preference of \$0.01 per share. The stock is not entitled to receive any dividends and is convertible into .0004 shares of UAL common stock.

Class Pilot MEC, IAM, SAM and I junior preferred stock (collectively "Director Preferred Stocks") were established to effectuate the election of one or more members to UAL's Board of Directors. One share each of Class Pilot MEC and Class IAM junior preferred stock is authorized and issued. The Company is authorized to issue ten shares each of Class SAM and Class I junior preferred stock. There are three shares of Class SAM and four shares of Class I issued. Each of the Director Preferred Stocks has a par value and liquidation preference of \$0.01 per share. The stock is not entitled to receive any dividends and Class I will be redeemed automatically upon the transfer of the shares to any person not elected to the Board of Directors or upon the occurrence of the "Sunset."

(14) Common Stockholders' Equity

Changes in the number of shares of UAL common stock outstanding during the years ended December 31 were as follows:

	1998	1997	1996
Shares outstanding at beginning of year	57,320,486	58,817,480	50,718,424
Stock options exercised	382,136	840,100	500,174
Shares issued from treasury under compensation arrangements	11,944	28,224	25,949
Shares acquired for treasury	(7,237,975)	(3,269,393)	(180,565)
Forfeiture of restricted stock	(7,600)	(25,120)	(70,488)
Conversion of Series A debentures	-	-	7,623,092
Conversion of ESOP preferred stock	1,316,786	911,300	352,929
Other	18,876	17,895	(152,035)
Shares outstanding at end of year	51,804,653	57,320,486	58,817,480

During 1998 and 1997, the Company repurchased 7,061,109 and 2,881,092 shares of common stock, respectively, at a total purchase price of \$459 million and \$250 million, respectively.

In connection with the Company's stock repurchase plan, UAL sold equity put options, which entitle the holders to sell shares of UAL common stock to the Company at specified prices. At December 31, 1998, 500,000 put options were outstanding at a strike price of \$64.04. These put options were exercised in January.

(15) Stock Options and Awards

The Company has granted options to purchase common stock to various officers and employees. The option price for all stock options is at least 100% of the fair market value of UAL common stock at the date of grant. Options generally vest and become exercisable in four equal, annual installments beginning one year after the date of grant, and generally expire in ten years.

As a result of the 1994 recapitalization, all outstanding options became fully vested at the time of the transaction and the holders of such options became eligible to utilize the cashless exercise features of stock options. Under a cashless exercise, the Company withholds, at the election of the optionee, from shares that would otherwise be issued upon exercise, that number of shares having a fair market value equal to the exercise price and/or related income taxes. For outstanding options eligible for cashless exercise, changes in the market price of the stock are charged (credited) to earnings currently. The expense (credit) recorded for such eligible options was \$(7) million in 1998, \$14 million in 1997 and \$15 million in 1996.

Stock options which were outstanding at the time of the recapitalization are exercisable for shares of old common stock, each of which is in turn converted into two shares of new common stock and \$84.81 in cash upon exercise. Subsequent to the recapitalization, the Company granted stock options which are exercisable for shares of new common stock.

The Company has also awarded shares of restricted stock to officers and key employees. These shares generally vest over a five-year period and are subject to certain transfer restrictions and forfeiture under certain circumstances prior to vesting. Unearned compensation, representing the fair market value of the stock at the measurement date for the award, is amortized to salaries and related costs over the vesting period. During 1997, 5,000 shares of restricted stock were issued from treasury. No shares were issued in 1998 and 1996. As of December 31, 1998, 221,040 shares were restricted and still nonvested. Additionally, 309,120 shares were reserved for future awards under the plan.

SFAS No. 123 ("Accounting for Stock-Based Compensation") establishes a fair value based method of accounting for stock options. The Company has elected to continue using the intrinsic value method of accounting prescribed in APB 25, as permitted by SFAS No. 123. Had compensation cost for awards been determined based on the fair value at the grant dates consistent with the method of SFAS No. 123, the Company's net income and earnings per share would have instead been reported as the pro forma amounts indicated below:

1998	1997	1996
-----	-----	-----

Net income (millions)	As reported	\$ 821	\$ 949	\$ 533
	Pro forma	\$ 812	\$ 944	\$ 531
Basic earnings per share	As reported	\$12.71	\$14.83	\$ 7.57
	Pro forma	\$12.55	\$14.75	\$ 7.55
Diluted earnings per share	As reported	\$ 6.83	\$ 8.95	\$ 5.06
	Pro forma	\$ 6.74	\$ 8.94	\$ 5.07

The weighted-average grant date fair value of restricted shares issued was \$87.44 for shares issued in 1997. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	1998	1997	1996
	----	----	----
Risk-free interest rate	5.6%	6.4%	6.4%
Dividend yield	0.0%	0.0%	0.0%
Volatility	33.0%	32.0%	32.0%
Expected life (years)	4.0	4.0	4.0

Stock option activity for the past three years was as follows:

Old Share Options:	1998		1997		1996	
	----		----		----	
	Shares	Wtd Avg Exer Price	Shares	Wtd Avg Exer Price	Shares	Wtd Avg Exer Price
	-----	-----	-----	-----	-----	-----
Outstanding at beginning of year	168,393	\$121.65	356,118	\$120.80	480,610	\$119.95
Exercised	(49,918)	\$121.67	(187,725)	\$120.03	(124,117)	\$117.49
Terminated	-	-	-	-	(375)	\$124.00
	-----	-----	-----	-----	-----	-----
Outstanding at end of year	118,475	\$121.64	168,393	\$121.65	356,118	\$120.80
Options exercisable at year-end	118,475	\$121.64	168,393	\$121.65	356,118	\$120.80

New Share Options:	1998		1997		1996	
	----		----		----	
	Shares	Wtd Avg Exer Price	Shares	Wtd Avg Exer Price	Shares	Wtd Avg Exer Price
	-----	-----	-----	-----	-----	-----
Outstanding at beginning of year	4,749,612	\$36.27	4,828,990	\$31.64	3,767,624	\$23.47
Granted	1,064,200	\$81.40	449,100	\$77.86	1,319,800	\$53.46
Exercised	(282,300)	\$28.79	(464,650)	\$25.58	(251,934)	\$23.52
Terminated	(119,676)	\$57.12	(63,828)	\$57.45	(6,500)	\$32.03
	-----	-----	-----	-----	-----	-----
Outstanding at end of year	5,411,836	\$45.07	4,749,612	\$36.27	4,828,990	\$31.64
Options exercisable at year-end	3,400,607	\$29.97	2,518,238	\$26.63	1,881,686	\$22.89
Reserved for future grants at year-end	3,422,904		4,397,428		4,782,700	
Wtd avg fair value of options granted during the year	\$ 27.95		\$ 27.40		\$ 18.94	

The following information related to stock options outstanding as of December 31, 1998:

	Options Outstanding			Options Exercisable	
	-----			-----	
Range of Exercise Prices	Outstanding at December 31, 1998	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable at December 31, 1998	Weighted-Average Exercise Price
	-----	-----	-----	-----	-----
Old Share Options:					
\$ 91 to 177	118,475	3.0 years	\$ 121.64	118,475	\$ 121.64
New Share Options:					
\$ 20 to 29	2,705,340	5.6 years	\$ 22.78	2,654,840	\$ 22.71
\$ 37 to 57	1,264,747	7.3 years	\$ 52.46	636,999	\$ 52.03
\$ 60 to 88	1,441,749	9.1 years	\$ 80.42	108,768	\$ 77.87
	-----			-----	
	5,411,836			3,400,607	

(16) Retirement and Postretirement Plans

The Company has various retirement plans, both defined benefit and defined contribution, which cover substantially all employees. The Company also provides certain health care benefits, primarily in the U.S., to retirees and eligible dependents, as well as certain life insurance benefits to retirees. The Company has reserved the right, subject to collective bargaining agreements, to modify or terminate the health care and life insurance benefits for both current and future retirees.

The following table sets forth the reconciliation of the beginning and ending balances of the benefit obligation and plan assets, the funded status and the amounts recognized in the statement of financial position for the defined benefit and other postretirement plans as of December 31:

(In Millions)

Change in Benefit Obligation	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
Benefit obligation at beginning of year	\$7,272	\$6,133	\$1,706	\$1,323
Service cost	276	232	48	44
Interest cost	533	477	109	107
Plan participants' contributions	1	1	-	-
Amendments	1	245	-	-
Actuarial (gain) loss	274	502	(169)	288
Foreign currency exchange rate changes	13	(14)	-	-
Benefits paid	(332)	(304)	(68)	(56)
Benefit obligation at end of year	<u>\$8,038</u>	<u>\$7,272</u>	<u>\$1,626</u>	<u>\$1,706</u>

Change in Plan Assets	1998		1997	
	1998	1997	1998	1997
Fair value of plan assets at beginning of year	\$6,859	\$5,919	\$ 107	\$ 103
Actual return on plan assets	934	1,075	8	7
Employer contributions	187	173	-	-
Plan participants' contributions	1	1	-	-
Foreign currency exchange rate changes	5	(5)	-	-
Benefits paid	(332)	(304)	(3)	(3)
Fair value of plan assets at end of year	<u>\$7,654</u>	<u>\$6,859</u>	<u>\$ 112</u>	<u>\$ 107</u>
Funded status	\$ (384)	\$ (413)	\$(1,514)	\$(1,599)
Unrecognized actuarial (gains) losses	(122)	28	19	183
Unrecognized prior service costs	660	648	-	-
Net amount recognized	<u>\$ 154</u>	<u>\$ 263</u>	<u>\$(1,495)</u>	<u>\$(1,416)</u>

Amounts recognized in the statement of financial position consist of:

	1998	1997	1998	1997
Prepaid (accrued) benefit cost	\$ 154	\$ 263	\$(1,495)	\$(1,416)
Accrued benefit liability	(275)	(290)	-	-
Intangible asset	271	286	-	-
Accumulated other comprehensive income	4	4	-	-
Net amount recognized	<u>\$ 154</u>	<u>\$ 263</u>	<u>\$(1,495)</u>	<u>\$(1,416)</u>

Weighted-average assumptions	1998	1997	1998	1997
Discount rate	7.00%	7.25%	7.00%	7.25%
Expected return on plan assets	9.75%	9.75%	8.00%	8.00%
Rate of compensation increase	4.05%	3.85%	-	-

The assumed health care cost trend rates for gross claims paid were 5.0% and 5.5% for 1998 and 1997, respectively, declining annually to a rate of 4.0% by the year 1999 and remaining level thereafter.

The net periodic benefit cost included the following components:

(In Millions)	Pension Benefits			Other Benefits		
	1998	1997	1996	1998	1997	1996
Service cost	\$ 276	\$ 232	\$ 234	\$ 48	\$ 44	\$ 44
Interest cost	533	477	438	109	107	97
Expected return on plan assets	(581)	(531)	(479)	(8)	(8)	(8)
Amortization of prior service cost including transition obligation/(asset)	57	36	29	-	-	-
Recognized actuarial (gain)/loss	9	1	16	(4)	(5)	(5)
Net period benefit costs	\$ 294	\$ 215	\$ 238	\$ 145	\$ 138	\$ 128

Total pension expense for all retirement plans (including defined contribution plans) was \$304 million in 1998, \$229 million in 1997 and \$252 million in 1996.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the plans with accumulated benefit obligations in excess of plan assets were \$1.688 billion, \$1.510 billion, and \$1.118 billion, respectively, as of December 31, 1998, and \$1.482 billion, \$1.273 billion, and \$908 million, respectively, as of December 31, 1997.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care trend rate would have the following effects:

(In Millions)	1% Increase	1% Decrease
Effect on total service and interest cost	\$ 26	\$ 21
Effect on postretirement benefit obligation	\$ 223	\$ 178

Changes in interest rates or rates of inflation may impact the assumptions used in the valuation of pension obligations and postretirement obligations including discount rates and rates of increase in compensation, resulting in increases or decreases in United's pension and postretirement liabilities and pension and postretirement costs.

(17) Financial Instruments and Risk Management

See Item 7A. Quantitative and Qualitative Disclosures About Market Risk ("Item 7A") for a discussion of the Company's foreign currency and fuel price risk management activities, and the fair value of all significant financial instruments.

Credit Exposures of Derivatives

The Company's theoretical risk in the derivative financial instruments described in Item 7A is the cost of replacing the contracts at current market rates in the event of default by any of the counterparties. However, the Company does not anticipate such default as counterparties are selected based on credit ratings and the relative market positions with each counterparty are monitored.

Financial Guarantees

Special facility revenue bonds have been issued by certain municipalities to build or improve airport and maintenance facilities leased by United. Under the lease agreements, United is required to make rental payments in amounts sufficient to pay the maturing principal and interest payments on the bonds. At December 31, 1998, \$1.229 billion principal amount of such bonds was outstanding. As of December 31, 1998, UAL and United had jointly guaranteed \$35 million of such bonds and United had guaranteed \$1.211 billion of such bonds, including accrued interest. The payments required to satisfy these obligations are included in the future minimum lease payments disclosed in Note 10 "Lease Obligations".

Concentrations of Credit Risk

The Company does not believe it is subject to any significant concentration of credit risk. Most of the Company's receivables result from sales of tickets to individuals through geographically dispersed travel agents, company outlets or other airlines, often through the use of major credit cards. These receivables are short term, generally being settled shortly after the sale.

(18) Commitments, Contingent Liabilities and Uncertainties

The Company 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 the Company 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. UAL records liabilities for legal and environmental claims against it in accordance with generally accepted accounting principles. These amounts are recorded based on the Company's assessments of the likelihood of their eventual settlements. The amounts of these liabilities could increase or decrease in the near term, based on revisions to estimates relating to the various claims.

At December 31, 1998, commitments for the purchase of property and equipment, principally aircraft, approximated \$6.8 billion, after deducting advance payments. An estimated \$2.7 billion will be spent in 1999, \$1.8 billion in 2000, \$2.0 billion in 2001 and \$0.3 billion in 2002 and thereafter. The major commitments are for the purchase of B777, B747, B767, B757, A320 and A319 aircraft, which are scheduled to be delivered through 2002. These commitments, combined with aircraft retirements, are part of the Company's plan to eventually increase the fleet to an expected 645 aircraft at the end of 2001.

In connection with the construction of the Indianapolis Maintenance Center, United agreed to spend an aggregate \$800 million on capital investments by the year 2001 and employ at least 7,500 individuals by the year 2004. In the event such targets are not reached, United may be required to make certain payments to the city of Indianapolis and state of Indiana.

In July 1998, the International Association of Machinists and Aerospace Workers ("IAM") became the bargaining representative for United's public contact employees and negotiations have begun regarding a contract. As a result, approximately 82% of United's employees are represented by various labor organizations. The labor contracts with the Air Line Pilots' Association and the IAM become amendable in 2000. In October 1997, the Association of Flight Attendants ratified a new contract, which will remain in effect through 2006.

(19) Segment Information

During the fourth quarter of 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". United has a global route network designed to transport passengers and cargo between destinations in North America, the Pacific, Latin America and Europe. These regions constitute United's four reportable segments. The accounting policies for each of these segments are the same as those described in Note 1, "Summary of Significant Accounting Policies," except that segment financial information has been prepared using a management approach which is consistent with how the Company's management internally disaggregates financial information for the purpose of making internal operating

decisions. UAL evaluates performance based on United's fully distributed earnings before income taxes. Revenues are attributed to each reportable segment based on the allocation guidelines provided by the U.S. Department of Transportation, which classifies flights between the U.S. and foreign designations as part of each respective region. A reconciliation of the total amounts reported by reportable segments to the applicable amounts in the financial statements follows:

(In Millions)	Year Ended December 31, 1998						
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	Consolidated Total
Revenue	\$11,997	\$2,843	\$ 832	\$ 1,846	\$17,518	\$ 43	\$17,561
Interest income	33	14	3	8	58	1	59
Interest expense	207	84	22	49	362	(7)	355
Equity in earnings of affiliates	41	17	4	10	72	-	72
Depreciation and amortization	520	145	45	95	805	(12)	793
Fully distributed earnings before income taxes	1,641	63	68	277	2,049	36	2,085

(In Millions)	Year Ended December 31, 1997						
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	Consolidated Total
Revenue	\$11,214	\$3,552	\$ 824	\$1,745	\$17,335	\$ 43	\$17,378
Interest income	29	13	3	6	51	1	52
Interest expense	166	73	15	36	290	(4)	286
Equity in earnings of affiliates	38	17	3	8	66	-	66
Depreciation and amortization	474	159	38	76	747	(23)	724
Fully distributed earnings before income taxes	1,410	589	129	347	2,475	36	2,511

(In Millions)	Year Ended December 31, 1996						
	Domestic	Pacific	Latin America	Atlantic	Reportable Segment Total	Other	Consolidated Total
Revenue	\$10,717	\$3,438	\$ 750	\$1,412	\$16,317	\$ 45	\$16,362
Interest income	26	11	2	5	44	13	57
Interest expense	171	72	16	31	290	5	295
Equity in earnings of affiliates	38	16	3	7	64	-	64
Depreciation and amortization	509	134	39	58	740	19	759
Fully distributed earnings before income taxes	1,048	423	45	139	1,655	-	1,655

(In Millions)	1998	1997	1996
Total fully distributed earnings for reportable segments	\$ 2,049	\$ 2,475	\$ 1,655
UAL subsidiary earnings	36	36	-
Less: ESOP compensation expense	829	987	685
Total earnings before income taxes, distributions on preferred securities and extraordinary item	\$ 1,256	\$ 1,524	\$ 970

UAL's operations involve an insignificant level of dedicated revenue producing assets by reportable segment. The overwhelming majority of UAL's revenue producing assets can be deployed in any of the four reportable segments. UAL has significant intangible assets related to the acquisition

of its Atlantic and Latin American route authorities.

(20) Statement of Consolidated Cash Flows - Supplemental Disclosures

 Supplemental disclosures of cash flow information and non-cash investing and financing activities were as follows:

(In Millions)	1998	1997	1996
-----	----	----	----
Cash paid during the year for:			
Interest (net of amounts capitalized)	\$ 234	\$ 152	\$ 244
Income taxes	160	362	242
Non-cash transactions:			
Capital lease obligations incurred	701	643	503
Long-term debt incurred in connection with additions to equipment	-	185	82
Note receivables recorded in connection with the sale of equipment and leasehold improvements	-	61	-
Increase (decrease) in pension intangible assets	(15)	200	(191)
Increase in additional capital invested in connection with the conversion of subordinated debentures to common stock	-	-	217
Decrease in additional capital invested in connection with the conversion of subordinated debentures to mandatorily redeemable preferred securities	-	-	(102)

(21) Selected Quarterly Financial Data (Unaudited)

(In Millions)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
-----	-----	-----	-----	-----	-----
1998:					
Operating revenues	\$4,055	\$4,442	\$4,783	\$4,281	\$17,561
Earnings from operations	123	470	695	191	1,478
Net earnings	\$ 61	\$ 282	425	54	821
Earnings per share, basic	\$ 0.60	\$ 4.43	\$ 6.91	\$ 0.53	\$ 12.71
Earnings per share, diluted	\$ 0.34	\$ 2.44	\$ 3.71	\$ 0.27	\$ 6.83
1997:					
Operating revenues	\$4,121	\$4,382	\$4,640	\$4,235	\$17,378
Earnings from operations	194	412	563	91	1,259
Earnings before extraordinary item	105	242	579	32	958
Extraordinary loss on early extinguishment of debt	-	-	-	(9)	(9)
Net earnings	\$ 105	\$ 242	\$ 579	\$ 23	\$ 949
Per share amounts, basic:					
Earnings before extraordinary item	\$ 1.45	\$ 3.77	\$ 9.39	\$ 0.21	\$ 14.98
Extraordinary loss on early extinguishment of debt	-	-	-	(0.15)	(0.15)
Net earnings	\$ 1.45	\$ 3.77	\$ 9.39	\$ 0.06	\$ 14.83
Net earnings per share, diluted	\$ 0.92	\$ 2.31	\$ 5.61	\$ 0.04	\$ 8.95

The sum of quarterly earnings per share amounts is not the same as annual earnings per share amounts because of changing numbers of shares outstanding.

During the third quarter of 1997, UAL recognized a pre-tax gain of \$275 million of the sale of its interest in the Apollo Travel Services Partnership (see Other Information, "Sale of Affiliate" in Management's Discussion and Analysis of Financial Condition and Results of Operations).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1999 Annual Meeting of Stockholders. Information regarding the executive officers is included in Part I of this Form 10-K under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1999 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1999 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1999 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements. The financial statements required by this item are listed in Item 8, "Financial Statements and Supplementary Data" herein.

2. Financial Statement Schedules. The financial statement schedule required by this item is listed below and included in this report after the signature page hereto.

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 1998, 1997 and 1996.

All other schedules are omitted because they are not applicable, not required or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits. The exhibits required by this item are listed in the Exhibit Index which immediately precedes the exhibits filed with this Form 10-K, and is incorporated herein by this reference. Each of Exhibits 10.25 through 10.34 and 10.36 to 10.37 listed in the Exhibit Index is a management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K.

(b) Reports on Form 8-K.

Form 8-K dated October 21, 1998 to report a cautionary statement for purposes of the "Safe Harbor for Forward Looking Statements" provision of the Private Securities Litigation Reform Act.

Form 8-K dated December 16, 1998 to report a press release in which UAL announces 1999 fully distributed EPS goals and goal to limit fully distributed unit cost growth in year 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 25th day of February, 1999.

UAL CORPORATION

By: /s/ Gerald Greenwald

Gerald Greenwald
Chairman of the Board and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 25th day of February, 1999 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Gerald Greenwald

Gerald Greenwald
Chairman of the Board and Chief
Executive Officer (principal
executive officer)

/s/ Douglas A. Hacker

Douglas A. Hacker
Senior Vice President and
Chief Financial Officer
(principal financial and
accounting officer)

/s/ James E. Goodwin

James E. Goodwin
Director

/s/ James J. O'Connor

James J. O'Connor
Director

/s/ John W. Creighton, Jr.

John W. Creighton, Jr.
Director

/s/ Deval L. Patrick

Deval L. Patrick
Director

/s/ Duanne D. Fitzgerald

Duane D. Fitzgerald
Director

/s/ John F. Peterpaul

John F. Peterpaul
Director

/s/ Michael H. Glawe

Michael H. Glawe
Director

/s/ Paul E. Tierney, Jr.

Paul E. Tierney, Jr.
Director

/s/ Richard D. McCormick

Richard D. McCormick
Director

/s/ John K. Van de Kamp

John K. Van de Kamp
Director

/s/ John F. McGillicuddy

John F. McGillicuddy
Director

UAL Corporation and Subsidiary Companies
Schedule II - Valuation and Qualifying Accounts
For the Year Ended December 31, 1998

(In Millions)	Additions Charged to				Balance at
Description	Balance at Beginning of Year	Costs and Expenses	Other Accounts	Deductions	End of Year
-----	-----	-----	-----	-----	-----
Reserve deducted from asset to which it applies:					
Allowance for doubtful accounts	\$ 15	\$ 17	\$ -	\$ 10(1)	\$ 22
	===	===	===	===	===
Obsolescence allowance - Flight equipment spare parts	\$ 29	\$ 36	\$ 4	\$ 30(1)	\$ 39
	===	===	===	===	===

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(1) Deduction from reserve for purpose for which reserve was created.

UAL Corporation and Subsidiary Companies
Schedule II - Valuation and Qualifying Accounts
For the Year Ended December 31, 1997

(In Millions)	Balance at Beginning of Year	Additions Charged to			Balance at End of Year
		Costs and Expenses	Other Accounts	Deductions	
Description					
Reserve deducted from asset to which it applies:					
Allowance for doubtful accounts	\$ 24	\$ 17	\$ -	\$ 26(1)	\$ 15
	===	===	===	===	===
Obsolescence allowance - Flight equipment spare parts	\$ 31	\$ 26	\$ 5	\$ 33(2)	\$ 29
	===	===	===	===	===

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(1) Includes deduction from reserve due to the sale of the Apollo Travel Services Partnership.

(2) Deduction from reserve for purpose for which reserve was created.

UAL Corporation and Subsidiary Companies
Schedule II - Valuation and Qualifying Accounts
For the Year Ended December 31, 1996

(In Millions)	Balance at Beginning of Year	Additions Charged to			Balance at End of Year
		Costs and Expenses	Other Accounts	Deductions	
Description					
Reserve deducted from asset to which it applies:					
Allowance for doubtful accounts	\$ 19	\$ 23	\$ -	\$ 18(1)	\$ 24
	===	===	===	===	===
Obsolescence allowance - Flight equipment spare parts	\$ 38	\$ 14	\$ 2	\$ 23(1)	\$ 31
	===	===	===	===	===

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(1) Deduction from reserve for purpose for which reserve was created.

EXHIBIT INDEX

- 3.1 Restated Certificate of Incorporation of UAL Corporation ("UAL"), as amended (filed as Exhibit 3.1 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 3.2 By-laws (filed as Exhibit 3.2 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 4.1 Deposit Agreement dated as of July 12, 1994 between UAL Corporation and holders from time to time of Depository Receipts described herein (filed as Exhibit 4.2 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 4.2 Indenture dated as of December 20, 1996 between UAL Corporation and The First National Bank of Chicago, as Trustee (filed as Exhibit 4.2 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 4.3 Officer's Certificate relating to UAL's 13-1/4% Junior Subordinated Debentures due 2026 (filed as Exhibit 4.3 to UAL's Form 10-K for the year ended December 31, 1996)

and incorporated herein by reference).

- 4.4 Form of UAL's 13-1/4% Junior Subordinated Debenture due 2026 (filed as Exhibit 4.4 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 4.5 Guarantee Agreement dated as of December 30, 1996 with respect to the 13-1/4% Trust Originated Preferred Securities of UAL Corporation Capital Trust I (filed as Exhibit 4.5 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 4.6 Amended and Restated Declaration of Trust of UAL Corporation Capital Trust I dated as of December 30, 1996 (filed as Exhibit 4.6 to UAL's Form 10-K for year ended December 31, 1996 and incorporated herein by reference).

UAL's indebtedness under any single instrument does not exceed 10% of UAL's total assets on a consolidated basis. Copies of such instruments will be furnished to the Securities and Exchange Commission upon request.

- 10.1 Amended and Restated Agreement and Plan of Recapitalization, dated as of March 25, 1994 (the "Recapitalization Agreement"), as amended, among UAL Corporation, the Air Line Pilots Association, International ("ALPA") and the International Association of Machinists and Aerospace Workers ("IAM") (filed as Exhibit A to Exhibit 10.1 of UAL's Form 8-K dated June 2, 1994 and incorporated herein by reference; amendment thereto filed as Exhibit 10.1 of UAL's Form 8-K dated June 29, 1994 and incorporated herein by reference).
- 10.2 Agreement, dated as of July 16, 1996, pursuant to Section 1.6q of the Recapitalization Agreement among UAL, ALPA and IAM (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended June 30, 1996 and incorporated herein by reference).
- 10.3 UAL Corporation Employee Stock Ownership Plan, effective as of July 12, 1994 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.4 First Amendment to UAL Corporation Employee Stock Ownership Plan, dated December 28, 1994 (filed as Exhibit 10.39 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.5 Second Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of August 17, 1995 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 1995 and incorporated herein by reference).
- 10.6 Third Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of December 28, 1995 (filed as Exhibit 10.7 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.7 Fourth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of July 16, 1996 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended June 30, 1996 and incorporated herein by reference).
- 10.8 Fifth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of December 31, 1996 (filed as Exhibit 10.10 of UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.9 Sixth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of August 11, 1997 (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 1997, as amended, and incorporated herein by reference).
- 10.10 UAL Corporation Employee Stock Ownership Plan Trust Agreement between UAL Corporation and State Street Bank and Trust Company ("State Street"), effective July 12, 1994 (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.12 UAL Corporation Supplemental ESOP, effective as of July 12, 1994 (filed as Exhibit 10.3 to UAL's Form 10-Q for

the quarter ended September 30, 1994 and incorporated herein by reference).

- 10.13 First Amendment to UAL Corporation Supplemental ESOP, dated February 22, 1995 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 1995, as amended, and incorporated herein by reference).
- 10.14 Second Amendment to UAL Corporation Supplemental ESOP, dated as of August 17, 1995 (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended September 30, 1995 and incorporated herein by reference).
- 10.15 Third Amendment to UAL Corporation Supplemental ESOP, dated as of December 28, 1995 (filed as Exhibit 10.12 to UAL's Form 10-K for the year ended December 31, 1995 and incorporated herein by reference).
- 10.16 Fourth Amendment to UAL Corporation Supplemental ESOP, dated as of July 16, 1996 (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended June 30, 1996 and incorporated herein by reference).
- 10.17 Fifth Amendment to UAL Corporation Supplemental ESOP, dated as of December 31, 1996 (filed as Exhibit 10.17 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.18 Sixth Amendment to UAL Corporation Supplemental ESOP, dated as of August 11, 1997 (filed as Exhibit 10.4 of UAL's Form 10-Q for the quarter ended September 30, 1997, as amended, and incorporated herein by reference).
- 10.19 UAL Corporation Supplemental ESOP Trust Agreement between UAL Corporation and State Street, effective July 12, 1994 (filed as Exhibit 10.4 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.20 Preferred Stock Purchase Agreement, dated as of August 12, 1997, between UAL Corporation and State Street Bank and Trust Company (filed as Exhibit 10.25 of UAL's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).
- 10.21 Preferred Stock Purchase Agreement, dated as of August 12, 1998, between UAL Corporation and State Street Bank and Trust Company.
- 10.22 Class I Junior Preferred Stockholders' Agreement, dated as of June 12, 1994 (filed as Exhibit 10.12 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.23 Class SAM Preferred Stockholders' Agreement, dated as of July 12, 1994 (filed as Exhibit 10.13 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.24 First Refusal Agreement, dated as of July 12, 1994, as amended (filed as Exhibit 10.25 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.25 UAL Corporation 1981 Incentive Stock Plan, as amended March 26, 1998 (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).
- 10.26 UAL Corporation 1998 Restricted Stock Plan (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended June 30, 1998 and incorporated herein by reference).
- 10.27 UAL Corporation Incentive Compensation and Profit Sharing Plan (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).
- 10.28 Description of Complimentary Travel and Cargo Carriage Benefits for UAL Directors (filed as Exhibit 10.29 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.29 UAL Corporation 1995 Directors Plan, as amended June 26, 1997 (filed as Exhibit 10.1 of UAL's Form 10-Q for the quarter ended September 30, 1997, as amended, and incorporated herein by reference).

- 10.30 Employment Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.5 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.31 Amendment No. 1 to Employment Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.6 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.32 Restricted Stock Deposit Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.7 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.33 Non-Qualified Stock Option Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.9 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.34 Employment Agreement, dated September 25, 1998, between John A. Edwardson and United Air Lines, Inc. and UAL Corporation (filed as Exhibit 10.1 of UAL's 10-Q for the quarter ended September 30, 1998 and incorporated herein by reference).
- 10.35 United Supplemental Retirement Plan
- 10.36 Description of Officer Benefits.
- 10.37 Form of Severance Agreement between UAL Corporation and certain officers.
- 10.38 Supplemental Agreement No. 6 dated as of November 6, 1998 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, and (vii) Exhibits 10.37 through 10.40 to UAL's Form 10-K for the year ended December 31, 1995, and (viii) Exhibits 10.9 through 10.12 and 10.17 through 10.19 to UAL's Form 10-Q for the quarter ended June 30, 1996 and incorporated herein by reference)). (Exhibit 10.38 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.39 Supplemental Agreement No. 7 dated as of November 6, 1998 to the 777-200 Purchase Agreement. (Exhibit 10.39 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.40 Change Order No. 9 dated as of November 6, 1998 to the 777-200 Purchase Agreement. (Exhibit 10.40 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.41 Change Order No. 9A dated as of November 6, 1998 to the 777-200 Purchase Agreement. (Exhibit 10.41 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.42 Change Order No. 10 dated as of November 6, 1998 to the 777-200 Purchase Agreement. (Exhibit 10.42 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.43 Change Order No. 10A dated as of November 6, 1998 to the 777-200 Purchase Agreement. (Exhibit 10.43 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.44 Letter Agreement No. 6-1162-MDH-638 dated as of January 5, 1998 to the Agreement dated October 25, 1988 between Boeing and United Air Lines, Inc. ("United") for acquisition of 757-200 aircraft (as previously amended

and supplemented, the "757-200 Purchase Agreement" (filed as Exhibit 10(K) to UAL's Form 10-K for the year ended December 31, 1989, and incorporated herein by reference; supplements thereto filed as (i) Exhibits 10.14 through 10.19 and Exhibit 10.22 to UAL's Form 10-Q for the quarter ended June 30, 1993, (ii) Exhibit 10.14 to UAL's Form 10-Q for the quarter ended June 30, 1994, (iii) Exhibit 10.9 to UAL's Form 10-Q for the quarter ended March 31, 1995, and (iv) Exhibits 10.13 through 10.17 to UAL's Form 10-Q for the quarter ended June 30, 1996, and incorporated herein by reference)). (Exhibit 10.44 hereto is filed with a request for confidential treatment of certain portions thereof.)

- 10.45 Letter Agreement No. 6-1162-MDH-657 dated as of September 29, 1998 to the 757-200 Purchase Agreement. (Exhibit 10.45 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.46 Letter Agreement No. 6-1162-MDH-668 dated as of September 29, 1998 to the 757-200 Purchase Agreement. (Exhibit 10.46 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.47 Letter Agreement No. 6-1162-BRB-132 dated as of January 5, 1998 to the Agreement dated December 18, 1990 between Boeing and United Air Lines, Inc. ("United") for acquisition of 747-400 aircraft (as previously amended and supplemented, the "747-400 Purchase Agreement" (filed as Exhibit 10.8 to UAL's Form 10-K for the year ended December 31, 1990, and incorporated herein by reference; supplements thereto filed as (i) Exhibits 10.4 and 10.5 to UAL's Form 10-K for the year ended December 31, 1991, (ii) Exhibits 10.3 through 10.6 and Exhibit 10.22 to UAL's Form 10-Q for the quarter ended June 30, 1993, (iii) Exhibit 10.3 to UAL's Form 10-K for the year ended December 31, 1993, (iv) Exhibit 10.14 to UAL's Form 10-Q for the quarter ended June 30, 1994, (v) Exhibits 10.29 and 10.30 to UAL's Form 10-K for the year ended December 31, 1994, (vi) Exhibits 10.4 through 10.8 to UAL's Form 10-Q for the quarter ended March 31, 1995, (vii) Exhibits 10.7 and 10.8 to UAL's Form 10-Q for the quarter ended June 30, 1995, (viii) Exhibit 10.41 to UAL's Form 10-K for the year ended December 31, 1995, (ix) Exhibits 10.4 through 10.8 and Exhibit 10.17 to UAL's Form 10-Q for the quarter ended June 30, 1996, and (x) Exhibits 10.1 through 10.3 to UAL's Form 10-Q for the quarter ended March 31, 1997, and incorporated herein by reference)). (Exhibit 10.47 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.48 Letter Agreement No. 6-1162-MDH-666 dated as of September 29, 1998 to the 747-400 Purchase Agreement. (Exhibit 10.48 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 12.1 Computation of Ratio of Earnings to Fixed Charges.
- 12.2 Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements.
- 21 List of Registrant's subsidiaries (filed as Exhibit 21 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 23 Consent of Independent Public Accountants.
- 27 Financial Data Schedule.
- 99 Annual Report on Form 11-K for Employees' Stock Purchase Plan of UAL Corporation.

PREFERRED STOCK PURCHASE AGREEMENT

PREFERRED STOCK PURCHASE AGREEMENT dated as of August 12, 1998, between UAL Corporation, a Delaware corporation ("UAL"), and State Street Bank and Trust Company, a Massachusetts trust company, acting solely in its capacity as trustee under the Plan defined below and not in its individual capacity (the "Trustee").

W I T N E S S E T H:

WHEREAS, on July 12, 1994, certain transactions contemplated by the Agreement and Plan of Recapitalization dated March 25, 1994 by and among UAL and the unions representing certain of the employees of United Air Lines, Inc., as amended, (the "Recapitalization Agreement") were consummated. (The recapitalization of UAL, as more fully described in the Recapitalization Agreement, shall hereinafter be referred to as the "Transaction");

WHEREAS, in connection with the Transaction, UAL established the UAL Corporation Employee Stock Ownership Plan (the "Plan"), which consists of an employee stock ownership plan and a stock bonus plan; and

WHEREAS, a portion of the employee stock ownership plan (Part A thereof) forms part of the stock bonus plan, includes a money purchase pension plan and is intended to qualify as an employee stock ownership plan under Section 4975(e)(7) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, UAL appointed the Trustee as the trustee of the UAL Corporation Employee Stock Ownership Plan Trust (the "Trust"), which was established to hold the assets of the Plan pursuant to the terms of the Trust Agreement, by and between UAL and the Trustee (the "Trust Agreement"); and

WHEREAS, Part A of the Plan and Trust Agreement provide that the assets of the trust created thereunder attributable to the Plan shall be invested primarily in shares of "employer securities" of UAL within the meaning of Section 409(l) of the Code; and

WHEREAS, UAL created a new class of securities designated as the Class 1 ESOP Convertible Preferred Stock, par value (\$0.01) (the "Class 1 ESOP Convertible Preferred Stock" or the "ESOP Preferred Stock"); and

WHEREAS, the Recapitalization Agreement provided for, among other things, the transfer to the Trust of 13,813,282 shares of the Class 1 ESOP Convertible Preferred Stock in a series of transactions which shall occur during the 69 months immediately following the Effective Time (as defined in the Recapitalization Agreement); and

WHEREAS, the parties to the Recapitalization Agreement have agreed to reduce the number of shares of Class 1 ESOP Convertible Preferred Stock to be transferred to the Trust so that the Plan may continue to satisfy Code Section 415; and

WHEREAS, the parties to the Recapitalization Agreement have agreed to a corresponding increase in the number of shares of Class 2 ESOP Convertible Preferred Stock to be issued; and

WHEREAS, UAL now wishes to sell and the Trustee now wishes to purchase 2,011,812 shares of the Class 1 ESOP Convertible Preferred Stock from UAL, in the amount, at the purchase price and subject to the other terms and conditions as set forth in this Agreement;

NOW, THEREFORE, in consideration of these premises and the mutual promises contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Purchase; Purchase Price. Subject to the terms ----- and conditions of this Agreement, the Trustee shall purchase on behalf of the Plan (the "Purchase") from UAL, and UAL shall issue and sell to the Trustee an aggregate of 2,011,812 shares of Class 1 ESOP Convertible Preferred Stock (the "Shares") for an aggregate purchase price (the "Purchase Price") of \$622,092,506.64.

2. Closing; Payment. The Purchase shall be ----- consummated (the "Closing") at or about August 12, 1998 at the offices of UAL, or at such time, date or place as shall be fixed by an agreement of UAL and the Trustee. The date of the Closing

shall hereinafter be referred to as the "Closing Date." At the Closing, UAL shall deliver to the Trustee a certificate or certificates representing the Shares, which shall be registered in the name of the Trustee, as trustee under the Trust, or in the name of its nominee, against delivery to UAL by the Trustee of a check for a dollar amount equal to the par value per Share times the number of Shares described in Section 1 above (the "Cash Amount"), representing the aggregate par value of the Shares and a promissory note of the Trust (the "ESOP Note") substantially in the form set forth in Exhibit A hereto, in an amount equal to the difference between the Purchase Price and a dollar amount equal to the par value per Share times the number of Shares described in Section 1 above. Notwithstanding the foregoing, UAL may, with the consent of the Trustee, accomplish the transfer of shares to the Trustee by book entry, in which event a cross receipt in the form set forth in Exhibit B hereto shall be executed by the parties. UAL shall pay all stamp and other transfer taxes, if any, that may be payable in respect of the issuance, sale and delivery of the Shares and shall be entitled to any refund thereof, and shall present the Trustee with evidence that such transfer taxes either have been paid or are not due.

3. Representations and Warranties of UAL. UAL hereby represents and warrants to the Trustee as follows:

3.1 UAL has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware with corporate power and authority, including governmental licenses, authorizations, consents and approvals, to own, lease and operate its properties and conduct its business except for licenses, authorizations, consents and approvals the absence of which will not have a Material Adverse Effect. For the purposes of this Agreement, "Material Adverse Effect" shall mean any change or effect the consequence of which is materially adverse to the condition (financial or otherwise), business, assets or results of operations of UAL and its Subsidiaries (as defined below) taken as a whole. UAL is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction where its ownership or leasing of properties or the conduct of its business requires such qualification, except for the jurisdictions where the failure to be so qualified would not have a Material Adverse Effect.

3.2 Except as set forth in Schedule 3.2 hereto,

the execution, delivery and performance of this Agreement and all other documents or instruments to be executed or delivered by UAL in connection with this Agreement are within UAL's powers and have been duly authorized by all necessary corporate action.

This Agreement and all other documents or instruments to be executed or delivered by UAL in connection with this Agreement are, assuming due authorization, execution and delivery by the Trustee, valid and binding upon UAL and enforceable against UAL in accordance with their respective terms except as the enforceability thereof may be limited by the effect of any applicable bankruptcy, insolvency, fraudulent-conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally, ERISA and by general principles of equity (regardless of whether considered in a proceeding at law or in equity).

3.3 Except as set forth in Schedule 3.3 hereto, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under (i) the Certificate of Incorporation or Bylaws, each as amended, of UAL or any of its Subsidiaries (as hereinafter defined), or (ii) except as set forth in Schedule 3.3(ii) hereto, any provision of any indenture, mortgage, deed of trust, agreement, instrument, order, arbitration award, judgment or decree to which UAL or any of its Subsidiaries is a party or by which any of their respective assets are bound, or (iii) any material statute, material rule or material regulation applicable to UAL or any of its Subsidiaries of any court, bureau, board, agency or other governmental body having jurisdiction.

3.4 As of the Closing Date, the authorized, issued and outstanding capital stock of UAL shall be as set forth in Schedule 3.4 hereto, and UAL shall have no obligations to issue any additional shares pursuant to any options, warrants, conversion rights or other arrangements except as set forth in Schedule 3.4 hereto, and all shares of issued and outstanding capital stock of UAL shall have been duly authorized and are fully paid and nonassessable.

3.5 Each Subsidiary is a corporation or partnership duly incorporated or formed, validly existing and in good standing under the laws of its jurisdiction of incorporation

or formation, has all requisite power and authority including all governmental licenses, authorizations, consents and approvals required to own, lease and operate its properties (except those the absence of which would not have a Material Adverse Effect) and to conduct its business and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect. For purposes of this Agreement, "Subsidiary" means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are directly or indirectly owned by UAL prior to the Closing Date. All Subsidiaries and their respective jurisdictions of incorporation or formation are identified on Schedule 3.5 hereto.

Except as otherwise disclosed on Schedule 3.5, all of the outstanding capital stock of, or other ownership interests in, each Subsidiary, is owned by UAL, directly or indirectly, free and clear of any liens, claims, charges and encumbrances (collectively "Liens") and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other ownership interests). Except as disclosed on Schedule 3.5, there are outstanding (i) no securities of UAL or any Subsidiary convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any Subsidiary, and (ii) no options, subscriptions, warrants or other rights, agreements, arrangements or commitments of any character to acquire from UAL or any Subsidiary, and no other obligation of UAL or any Subsidiary to issue, any capital stock, voting securities or other ownership interests in, or any securities convertible into or exchangeable or exercisable for any capital stock, voting securities or ownership interest in, any Subsidiary (the items in clauses (i) and (ii) being referred to collectively as the "Subsidiary Securities"). There are no outstanding obligations of UAL or any Subsidiary to repurchase, redeem or otherwise acquire any outstanding Subsidiary Securities.

3.6 As of the Closing Date, the Shares (i) shall have the rights, preferences and qualifications set forth in the restated Certificate of Incorporation of UAL Corporation, (a copy

of which is attached hereto as Exhibit C), (ii) shall have been duly and validly authorized and (iii) when issued and delivered to the Trustee in exchange for the Cash Amount and the ESOP Note, will be in proper form, validly issued, fully paid and nonassessable. As of the Closing Date, UAL shall have full right and authority to issue, sell, transfer, and deliver the Shares and will effectively transfer to the Trustee, on the Closing Date, the full right, title and interest therein and thereto, free and clear of all Liens, except for (A) beneficial interests accruing to participants in the Plan and their beneficiaries and (B) any Liens created or imposed by the Trustee on behalf of the Trust.

3.7 As of the Closing Date, the shares of Common Stock (as hereinafter defined) into which the Shares are convertible, shall be duly and validly authorized and reserved for issuance and, when issued upon such conversion, will be validly issued, fully paid and nonassessable and upon delivery to the Trustee, the Trust will acquire full right, title and interest to such shares of Common Stock free and clear of all Liens, except for (i) beneficial interests accruing to the participants in the Plan and their beneficiaries and (ii) any Liens created or imposed by the Trustee on behalf of the Trust.

3.8 No authorization, approval or consent of, or filing with, any governmental authority or agency or other third party, is required in connection with the sale of the Shares by UAL hereunder or the conversion of the Shares into Common Stock except for (i) any of such as shall have been made or obtained prior to the Closing, (ii) any of such relating to the listing on any securities exchange of any shares of UAL common stock, par value \$.01 per share (the "Common Stock"), to be delivered upon conversion of Shares and (iii) filings with and/or approvals of the Internal Revenue Service. The Shares are being issued pursuant to a valid exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws.

3.9 UAL's filings with the Securities and Exchange Commission ("Commission") for the years 1995, 1996 and 1997, respectively, at the time they were filed with the Commission, (i) complied in all material respects with the requirements of the Securities Act, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as appropriate, and

the Rules and Regulations of the Commission respectively promulgated thereunder, (ii) in the case of filings under the Exchange Act, did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and (iii) no registration statement, as amended or supplemented, if applicable, filed pursuant to the Securities Act as of the date such statement, amendment or supplement became effective contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

3.10 The consolidated financial statements of UAL, together with related notes, schedules and reports thereon of independent public accountants for the years 1995, 1996 and 1997, respectively (collectively, the "Financial Statements"), included in UAL's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q ("Reports") for the years ended December 31, 1995, 1996 and 1997, respectively, all of which Reports previously have been delivered to the Trustee, present fairly (except as may be indicated in the notes thereto and subject to normal immaterial year-end audit adjustments in the case of any unaudited interim Financial Statements) the consolidated financial position and the consolidated results of operation of UAL and its consolidated Subsidiaries at the indicated dates and for the indicated periods. The Financial Statements have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved except as otherwise noted therein. UAL and its Subsidiaries considered as one enterprise have no material liabilities or obligations, contingent or otherwise, that are not fully disclosed in the Financial Statements or the Reports.

3.11 Except as disclosed on Schedule 3.11 hereto, since December 31, 1996, (i) there has been no event, and no state of circumstances has existed, that has had or will, or could reasonably be expected to, have a Material Adverse Effect, (ii) there has not been any material transaction entered into by UAL or any of its Subsidiaries, other than transactions in the ordinary course of business or other than the transactions contemplated in this Agreement or the Transaction, and (iii) except for regular dividends on shares of its outstanding common stock and preferred stock, there has been no dividend or

distribution of any kind declared, paid or made by UAL on any class of its capital stock other than the distributions contemplated by the Transaction.

3.12 Except as set forth in Schedule 3.12 there is no action, suit or proceeding before or by any court or government or administrative agency or body, domestic or foreign, now pending or, to the best knowledge of UAL, threatened against or affecting UAL or any of its Subsidiaries, which might have a Material Adverse Effect.

3.13 UAL and its Subsidiaries hold all certificates, authorizations or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct the business now operated by them the absence of which, individually or in the aggregate, would have a Material Adverse Effect, and neither UAL nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect. UAL and its Subsidiaries are in compliance with all rules, laws and regulations related to the operation of the business of UAL and its Subsidiaries, except for instances of noncompliance which, individually or in the aggregate, would not have a Material Adverse Effect.

3.14 The Plan has been duly authorized by all corporate action and Part A constitutes an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Part B (that portion of the stock bonus plan which does not constitute an employee stock ownership plan) constitutes a stock bonus plan under the Code and the Plan will qualify under Section 401(a) of the Code taking into account amendments which may be reasonably requested by the Internal Revenue Service, but no representation or warranty is made as to the compliance of the Plan in operation under the referenced Code and ERISA sections; the Trust Agreement has been duly authorized by all necessary corporate action on the part of UAL; all contributions by UAL to the Plan and all dividends paid on the ESOP Preferred Stock which are used by the Trust to make the required principal and interest payments with respect to the ESOP Note will be deductible by UAL or its

Subsidiaries for federal income tax purposes under Section 404 of the Code (as in effect on the date of the Closing), except to the extent there are insufficient "earnings and profits" under the Code for the dividends to be deductible; and the ESOP Preferred Stock constitutes "employer securities" within the meaning of Section 409(1) of the Code.

3.15 There is no investment banker, broker or finder which has been retained by or is authorized to act on behalf of UAL or any Subsidiary or, to the knowledge of UAL, any CRS Company who might be entitled to a fee or commission from UAL, either Union or any affiliate of either of them upon consummation of the transactions contemplated by this Agreement, based upon arrangements made by or on behalf of UAL. For the purposes of this Section 3.15, "CRS Company" and "Union" shall have the respective meanings assigned to such terms in the Recapitalization Agreement.

4. Representations and Warranties of The Trustee, as

Trustee. The Trustee, in its capacity as such, represents and

warrants as follows:

4.1 The Trustee (i) is a duly organized and validly existing trust company in good standing and with full authority to act as Trustee and exercise trust powers under the laws of the Commonwealth of Massachusetts and (ii) has full corporate power and authority to execute and deliver the Trust Agreement and to carry out the transactions contemplated thereby.

4.2 The execution, delivery and performance of this Agreement will not violate (i) the Trustee's Charter or Bylaws, each as amended or restated to date, (ii) any provision of any indenture, mortgage, deed of trust, agreement, instrument, order, arbitration award, Judgment or decree to which the Trustee or the Trust is a party or by which it or the Trust or any of their respective assets are bound, or (iii) any statute, rule or regulation applicable to the Trustee or the Trust of any court, bureau, board, agency or other governmental body having jurisdiction, which conflict, breach or default might have a material adverse effect.

4.3 This Agreement and the Trust Agreement have been duly executed and delivered by the Trustee on behalf of the Trust and, assuming due authorization, execution and delivery by

UAL, each constitutes the legal, valid and binding obligation of the Trust enforceable against the Trustee in accordance with their respective terms, except as the enforceability thereof may be limited by the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors rights generally, ERISA and by general principles of equity (regardless of whether considered in a proceeding at law or in equity).

4.4 The Trustee is acquiring the shares on behalf of the Plan pursuant to the Trust Agreement and the Plan solely for investment purposes and not with a view toward, or for sale in connection with, any public distribution thereof; provided, however, nothing herein shall prohibit the Trustee from disposing of any or all of the Shares.

4.5 No authorization, approval or consent of any governmental authority or agency is necessary to be obtained by the Trustee or the Plan in connection with the purchase of the Shares by the Trustee on behalf of the Plan hereunder.

4.6 The Trustee, at the expense of UAL, has retained independent legal counsel knowledgeable in matters regarding ERISA and Code fiduciary responsibilities and has retained an independent financial advisor to advise the Trustee regarding the transactions contemplated by this Agreement.

4.7 The Trustee has not employed any broker, finder or agent, or agreed to pay or incurred any brokerage fee, finder's fee, commission or other similar form of compensation in connection with this Agreement or the transactions contemplated hereby.

4.8 Trustee has received an opinion of Houlihan, Lokey, Howard and Zukin, Inc., financial advisor to the Trustee, to the effect that (i) the Purchase Price is not greater than fair market value, (ii) the Transaction is fair to the Plan from a financial point of view, (iii) the conversion price with respect to the Shares is reasonable and (iv) the interest rate on the ESOP Note is not unreasonable.

5. Conditions to Closing.

5.1 Conditions to the Trustee Is Obligation at

Closing. The obligations of the Trustee hereunder are subject

to the fulfillment at or before the Closing of each of the
following conditions:

(a) The representations and warranties contained in Section 3 hereof shall be true on and as of the Closing Date and, the Trustee shall have been furnished with a certificate, dated the Closing Date, to such effect, signed by an authorized officer of UAL.

(b) The Trustee shall have received a cash contribution to the Plan at least equal to the Cash Amount.

(c) No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated by this Agreement, and no suit, action or other proceedings by any governmental body or other person shall have been instituted which questions the validity or legality of the transactions contemplated by this Agreement which suit, action or proceeding the Trustee reasonably determines, upon advice of counsel, is more likely than not to successfully challenge the validity or legality of the transactions contemplated by this Agreement or otherwise result in a Material Adverse Effect.

(d) Neither the Trustee nor UAL shall have determined in good faith that the purchase of the Shares would result in a "prohibited transaction" under ERISA or otherwise violate the provisions of applicable law.

(e) The Trustee shall have received UAL's most recent annual report on form 10-K and any subsequently filed Quarterly Reports on Form 10-Q.

(f) The Trustee shall have received from Kirkpatrick & Lockhart, counsel to the Trustee, an opinion in substantially the form set forth in Schedule 5.1(f) hereto.

(g) The Trustee shall have received from Francesca M. Maher, Vice President-Law and Corporate Secretary, the opinion in substantially the form set forth in Schedule 5.1(g) hereto.

(h) The Trustee shall have received an opinion of its financial advisor, in substantially the form set forth in Schedule 5.1(h) hereto.

(i) The Trustee shall have made a good faith determination that the purchase of the Shares contemplated

hereunder and the consummation of all other transactions contemplated by the Agreement are prudent and in the best interests of the Plan participants. In the event the Trustee is unable to consummate the purchase of the Shares described in Section 1 hereof at the Purchase Price by reason of the failure of one or more of the conditions set forth in Sections 5.1(d), (h) and (i) hereof, the Trustee agrees to negotiate in good faith with UAL in an attempt to arrive at a purchase price for the Shares at which the Trustee would consummate the purchase of Shares contemplated by this Agreement.

(j) UAL shall have certified to the Trustee that it has determined that it is reasonably likely to have sufficient earnings and profits such that dividends paid on the Class 1 ESOP Convertible Preferred Stock are reasonably likely to be deductible under Section 404 of the Code.

5.2 Conditions to UAL's obligations at Closing.

The obligations of UAL hereunder are subject to the fulfillment at or before the Closing of each of the following conditions:

(a) The representations and warranties contained in Section 4 hereof shall be true on and as of the Closing and, UAL shall have been furnished with a certificate dated the Closing Date to such effect, signed by an authorized officer of the Trustee.

(b) No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated by this Agreement, and no suit, action or other proceedings by any governmental body or other person shall have been instituted which questions the validity or legality of the transactions contemplated by this Agreement which suit, action or proceeding UAL reasonably determines, upon advice of counsel, is more likely than not to successfully challenge the validity or legality of the transactions contemplated by this Agreement or otherwise result in a Material Adverse Effect.

(c) Neither the Trustee nor UAL shall have determined in good faith that the purchase of the Shares would result in a "prohibited transaction" under ERISA or otherwise violate the provisions of applicable law.

(d) UAL shall have received an opinion of Kirkpatrick & Lockhart, counsel to the Trustee, in the form set forth in Schedule 5.2(d) hereto.

(e) The Trustee shall have delivered to UAL a certification that the conditions set forth in section 5.1(d) and section 5.1(i) have been satisfied.

6. Covenants of Trustee. The Trustee hereby

covenants and agrees as follows:

(a) Except as otherwise provided in the ESOP, all cash contributions (including any earnings on such contributions) that are received by the Trust and cash dividends (including any earnings on such dividends) that are received by the Trust with respect to the Class 1 ESOP Convertible Preferred Stock or Common Stock issued upon conversion thereof will be, to the extent permitted by law, applied solely for the purpose of making principal and interest payments on the ESOP Note.

(b) The Trustee shall not transfer or otherwise dispose of any shares of Common Stock issued upon conversion of the Class 1 ESOP Convertible Preferred Stock unless such securities have been registered under the Securities Act of 1933, as amended, and any applicable state securities laws or pursuant to an exemption or exemptions from such registration.

(c) The Trustee agrees that UAL may (with the consent of the Air Line Pilots Association, International and the International Association of Machinists and Aerospace Workers if and to the extent such consent is required by the Plan) extend the maturity of the ESOP Note for up to four (4) years, provided that the interest rate on the ESOP Note, as extended, is determined by the Trustee to be reasonable at the time of extension.

7. Covenants of UAL. UAL hereby covenants and agrees

as follows:

(a) So long as any principal or interest amount of the ESOP Note or any note representing a refinancing of the ESOP Note remains unpaid, UAL shall use reasonable efforts to cause Part A of the Plan to maintain its qualification as an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code.

(b) So long as any principal or interest amount of the ESOP Note or any note representing a refinancing of the ESOP Note remains unpaid, UAL and its Subsidiaries shall make contributions to the Plan which, when combined with any dividends

received by the Plan that can be used for the payment of such debt, are sufficient to allow the Trustee to make, in a timely fashion all scheduled principal and interest payments with respect to the ESOP Note or any note representing a refinancing of the ESOP Note; provided, however, that any contribution to the Plan shall be limited to the extent that such contribution would cause the aggregate contributions made by UAL and its Subsidiaries for the relevant Plan year to exceed the limitations set forth in Sections 404 or 415 of the Code. Any contributions limited or not made in a timely fashion pursuant to the preceding sentence shall be (i) carried over and paid to the Plan as soon as is practicable in connection with contributions to the Plan and (ii) increased by an amount sufficient for the Trustee to pay any increased interest or other costs arising under the ESOP Note from the failure to make any payment thereunder when due. The Trustee shall be entitled to reimbursement upon demand for reasonable attorney fees and other reasonable costs of collection in enforcing the provisions of this Section 7(b).

(c) Registration of the Common Stock. As and if required by applicable securities laws, UAL shall at all times maintain an effective registration statement under the Securities Act and timely comply with the reporting requirements under the Exchange Act with respect to the shares of Common Stock into which the Shares are convertible. The Trustee will provide UAL with any information about the Trustee or such proposed sale required to be included in such registration statement. The Trustee will, upon receipt of notice from UAL that any such registration statement includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading, discontinue the distribution of Common Stock thereunder until such misstatement or omission is eliminated.

The Trustee further agrees not to effect any public sale or distribution of Common Stock without the consent of UAL during the seven days prior to or ninety days after any registration statement relating to an underwritten sale of securities of UAL has become effective. UAL shall obtain any other federal, state or local approvals as may be necessary from time to time to enable the Trust to consummate any desired conversion or disposition of the shares of Common Stock into which the Shares are convertible.

8. Restrictive Legend. The Trustee understands that

the certificates representing the Shares, when issued, will bear the following legend and that a notation restricting their transfer will be made on the stock transfer books of UAL:

"The shares of stock represented by this certificate have not been registered under the Securities Act of 1933, as amended. Such shares may not be sold, assigned, pledged or otherwise transferred in the absence of an effective registration statement under said Securities Act covering the transfer or an opinion of counsel satisfactory to the issuer that registration under said Securities Act is not required.

Notice

The shares, of stock represented by this certificate are subject to a security interest in favor of UAL Corporation."

9. Expenses. Whether or not the transactions

contemplated by this Agreement shall be consummated, UAL shall, as provided for in the applicable engagement letter between UAL and the Trustee (the "Engagement Letter"), pay the expenses incurred by the Trustee in connection with the authorization, preparation, negotiation, execution and performance of this Agreement and related transactions.

10. Integration Amendment. This Agreement (including

the documents delivered pursuant hereto), together with the Plan, Trust Agreement and Engagement Letter, constitutes the entire agreement and understanding between the parties hereto relating to the purchase of the shares of ESOP Preferred Stock and supersedes any prior agreement or understanding relating in any way to the transaction contemplated hereby. This Agreement may be modified or amended only by a written instrument executed by or on behalf of the parties hereto. The headings and captions contained herein are solely for convenience of reference and do not constitute a part of this Agreement or affect in any way its meaning or construction.

11. Savings Clause. The invalidity, illegality or

enforceability of any one or more of the provisions of this Agreement shall in no way affect or impair the validity and enforceability of the remaining provisions hereof. In the event any such provision shall be so declared unenforceable due to its

scope or breadth, it shall be narrowed to the scope or breadth permitted by law.

12. Counterparts. This Agreement may be executed in

one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. It shall not be necessary that any single counterpart hereof be executed by all parties so long as each party executed at least one counterpart.

13. Governing Law. This Agreement shall be construed

and enforced in accordance with the laws of Illinois without regard to any principles of conflicts of law.

14. Survival of Representations, Warranties and

Covenants. All covenants contained in this Agreement (including

in any certificates delivered hereunder) shall survive the Closing or, in the case of Section 9, Section 13 and Section 14 hereof, the sooner termination of this Agreement.
Notwithstanding the Closing, or the sooner termination of this Agreement or any investigation at any time made by or on behalf of either party, UAL or the Trustee shall be liable for damages arising from its breaches of representations or warranties under this Agreement (including in any certificates delivered hereunder) which breaches shall not be considered waived by consummation of the transactions contemplated hereby, provided, however, that UAL and the Trustee shall be liable only to the extent that notice therefor is asserted by the other in writing and delivered prior to the expiration of forty-two (42) months from the Closing or sooner termination of this Agreement.

15. Notices. Any notice or other communication

required or permitted hereunder shall be in writing, either delivered by hand, by mail, or by telex, telefax or telegram (charges prepaid), and any such notice shall be effective when received at the address specified below (or, if by mail, three business days after deposited in the U.S. mails, registered or certified mail, postage prepaid and return receipt requested):

	By Mail -----
If to UAL: -----	UAL Corporation P. O. Box #66919 Chicago, IL 60666 Attn: Corporate Secretary

By Courier

UAL Corporation

1200 Algonquin Road
Elk Grove Township, IL 60007
Attn: Corporate Secretary

If to the Trustee:

State Street Bank and Trust Company
Retirement Investment Services
Batterymarch Park III
Three Pine Hill Drive
Quincy, MA 02169
Attn: UAL ESOP Administration

With a copy to:

Kirkpatrick & Lockhart
1500 Oliver Building
Pittsburgh, PA 15222
Attn: Charles R. Smith, Esquire

Addresses may be changed by written notice given pursuant to this Section. Any notice given hereunder may be given on behalf of any party by his counsel or other authorized representatives.

16. Successors and Assigns: Assignability. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto, and their respective legal representatives, successors and assigns. This Agreement (i) shall not confer upon any person other than the parties hereto and their respective successors and assigns any rights or remedies hereunder and (ii) shall not be assignable by operation of law or otherwise by any party hereto.

17. Further Assurances. Subject to the terms and conditions herein provided, each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

18. Certain Limitations. The execution and delivery of this Agreement and the performance by the Trustee of this Agreement have been, or will be, effected by the Trustee solely in its capacity as Trustee and not individually.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereof have duly executed and delivered this Agreement as of the date first above written.

UAL CORPORATION

By: /s/ Douglas A. Hacker

Name: Douglas A. Hacker

Title: Senior Vice President & CFO

State Street Bank and Trust Company,
solely in its capacity as Trustee

under the UAL Corporation Employee
Stock Ownership Plan Trust and not
individually

By: /s/ Marianne E. Sullivan

Name: Marianne E. Sullivan

Title: Vice President

UNITED AIR LINES, INC.
SUPPLEMENTAL RETIREMENT PLAN

(As amended and restated
effective January 1, 1989)

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UNITED AIR LINES, INC.
SUPPLEMENTAL RETIREMENT PLAN

(As amended and restated
effective January 1, 1989)

SECTION 1

Introduction

1.1 Purpose. The United Air Lines, Inc. Supplemental Retirement Plan (the "Plan") is maintained by United Air Lines, Inc. (the "Company") for the purpose of supplementing the retirement incomes payable under the United Air Lines, Inc. Non-Union Ground Employees' Retirement Plan or any successor plan (the "Retirement Plan") to certain employees of the Company who meet the requirements of section 2.1 of this Plan (each a "Participant") or, if any such employee dies, his surviving spouse, if any, to whom a pre-retirement survivor benefit is payable under the Retirement Plan ("Surviving Spouse"), as authorized by resolutions of the Company's Board of Directors adopted on April 24, 1980, October 25, 1984, November 28, 1986, June 1, 1987, and January 31, 1990. Except as otherwise provided in section 2.5, it is the intent of this Plan to pay benefits only if a Participant's last employment with the UAL Companies is with the Company. The "UAL Companies" (individually a "UAL Company") are UAL Corporation (formerly named Allegis Corporation) and all other companies that together with UAL Corporation are or have been members of a controlled group of corporations as defined in 414(b) of the Internal Revenue Code of 1986 ("IRC").

1.2. Effective Date. The Plan became effective January 1, 1987 (the "Effective Date") and is amended and restated effective January 1, 1989.

1.3. Administration. The Plan will be administered by the Committee appointed by the Board of Directors for the purpose of administering the Retirement Plan, currently the Pension and Welfare Plans Administration Committee. In administering this Plan the Committee will have all of the same rights, duties, obligations, discretions, and protections it possesses in connection with the administration of the Retirement Plan, except for any duty or obligation related to maintaining this Plan as a qualified plan under the IRC.

1.4. Funding. Benefits payable under this Plan ("Supplemental Benefits") to or on account of any Participant will be paid directly by the Company and will be reflected on the books of the Company as a general unsecured and unfunded obligation of the Company unless and until this Plan is amended to provide for a trust or other method of Plan funding.

SECTION 2

Participation and Supplemental Benefits

2.1. Participation. A person will become a Participant in this Plan if he is a "Participant" (as defined in the Retirement Plan) in the Retirement Plan on or after the Effective Date and if he meets the eligibility requirements of section 2.2 of this Plan.

2.2. Eligibility for Supplemental Benefits. A Participant, or his Surviving Spouse, will be eligible for Supplemental Benefits under the Plan if:

- (a) On or after the Effective Date, he becomes entitled to a Retirement Income Benefit, a Vested Termination Benefit, a Pre-Retirement Survivor Benefit, or a Minimum Spouse's Benefit, as the case may be, under the Retirement Plan (any such benefit being hereafter referred to as a "Retirement Plan Benefit");
- (b) Except as otherwise provided in section 2.5 of this Plan, the Company is the last of the UAL Companies for which the Participant worked before he ceased all employment with the UAL Companies; and
- (c) Any one or more of the following is true with respect to the Participant:
 - (i) his Retirement Plan Benefit is reduced because of the limits imposed by IRC 415 or any successor provision;
 - (ii) he, at any time before or after the Effective Date, participated in the United Air Lines, Inc. Management Incentive Plan, the UAL Corporation Incentive Compensation Plan, or any predecessor plan of either (the "Incentive Plans"), and payment of all or any portion of any incentive award under the Incentive Plans that otherwise would have been paid to him in a year (the "Entitlement Year") is instead deferred until a later year (any such Award is hereafter referred to as a "Deferred Incentive Award"), resulting in the exclusion of all or a portion of the Deferred Incentive Award from the Earnings taken into account under the Retirement Plan for the purpose of calculating a Retirement Plan Benefit;
 - (iii) he, at any time before or after the Effective Date, deferred a portion of his compensation

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pursuant to resolutions of the Company's Board of Directors adopted on November 28, 1986 from the year during which it otherwise would have been paid to him ("Entitlement Year") to a later year (any such deferred compensation is hereafter referred to as a "Deferred Payment"), resulting in the exclusion of all or a portion of the Deferred Payment from the Earnings taken into account under the Retirement Plan in calculating a Retirement Plan Benefit;

(iv) his Retirement Plan Benefit is reduced because of the application of subsection 5.8 (or any successor provision) of the Retirement Plan ("Subsection 5.8") in the determination of his Accrued Benefit under the Retirement Plan;

(v) his Retirement Plan Benefit is reduced because the Company elected to use Alternative IID provided in IRS Notice 88-131, I.R.B. 1988-52, dated December 27, 1988, as it later may have been amended, supplemented, or clarified (the "Alternative IID Limitation"); or

(vi) his Retirement Plan Benefit is reduced because of the limits imposed by IRC 401(a)(17) or any successor provision.

2.3. Amount of Supplemental Benefits. A Participant or his Surviving Spouse will be entitled to monthly Supplemental Benefits payable under this Plan in an amount equal to the excess of:

- (a) The Retirement Plan Benefit that would have been payable if (i) the amount of each Deferred Incentive Award and each Deferred Payment, in each case if any, had been included in the participant's Earnings under the Retirement Plan for the Entitlement Year and (ii) such benefit had been determined without regard to the limitations on such benefit imposed by IRC 415 and 401(a)(17) or any successor provisions, without regard to

(b) The Retirement Plan Benefit that is payable.

2.4. Payment of Supplemental Benefits. The Supplemental Benefits payable to a Participant or Surviving Spouse under this Plan will be paid in the same manner and form, to the same person or persons (including beneficiaries under the Retirement Plan), and at the same time as his or their Retirement Plan Benefits; provided, however, that until the Retirement Plan is amended to

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comply with those qualification requirements described in Income Tax Regulations 1.401(b)-1(b)(2)(ii) (TRA '86) as contemplated by Subsection 5.8 (the "Amendments"), no payments will be made under this Plan with respect to a Participant who is a highly compensated employee within the meaning of IRC 414(q)(1)(A) or (B) and who terminated employment with the Company on or after January 1, 1989 unless the recipient of such payments executes and delivers to the Committee such agreements and documents as the Committee may reasonably request providing for repayment to the Company of so much of such payments as is duplicative of payments made retroactively by the Retirement Plan as a result of the Amendments.

2.5. Other Supplemental Benefit Plans. Notwithstanding anything to the contrary in this Plan, if a Participant or Surviving Spouse is entitled to both a Supplemental Benefit under this Plan and one or more similar benefits under one or more supplemental benefit plans of any of the other UAL Companies, then any such Supplemental Benefit due under this Plan will be reduced to the extent necessary to ensure that the Participant or Surviving Spouse does not receive aggregate supplemental benefits in excess of the Supplemental Benefit that would be due under this Plan if all of the Participant's employment and compensation with all of the UAL Companies had instead been solely for the Company. If a person would have been a Participant in this Plan but for his failure to meet the condition of section 2.2(b) hereof that his last employment with the UAL Companies was for the Company, and if he met any of the conditions of section 2.2(c) of this Plan during his employment with the Company, and if none of the supplemental benefit plans of any of the other UAL Companies pays him the Supplemental Benefit he would have been entitled to under this Plan had he met the condition of section 2.2(b), then this Plan will pay such Supplemental Benefit based solely on his employment with the Company and, for vesting purposes only, his service with the UAL Companies. In no event will this section 2.5 be construed to provide a Supplemental Benefit, or reduce the Supplemental Benefit payable hereunder as a result of that portion of any Supplemental Benefits payable by any UAL Company, with respect to a Participant's employment with any UAL Company during any period when such UAL Company was not together with UAL Corporation a member of a controlled group of corporations as defined in IRC 414(b).

SECTION 3

General Provisions

3.1. Employment Rights. The establishment of the Plan will not be construed to give any Participant the right to be retained in the Company's service or to any benefits not specifically provided by the Plan.

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3.2. Interest Not Transferable. Except as to the withholding of any tax (including Social Security and unemployment taxes, if applicable) under the laws of the United States or any state, the interests of any Participant, Surviving Spouse, or beneficiary under the Plan are not subject to the claims of their creditors and may not be voluntarily or involuntarily transferred, anticipated, assigned, alienated, encumbered, or subjected to attachment, garnishment, levy, execution, or other legal or equitable process.

3.3. Incompetency. Any Supplemental Benefits payable hereunder to any person under a legal disability or who in the judgment of the Committee is unable to properly manage his financial affairs may be paid to the legal representative of such person in any manner in which the Committee may select.

3.4. Gender and Number. Where the context admits, words in the masculine gender include the feminine gender, the plural includes the singular, and the singular includes the plural.

3.5. Controlling Law. To the extent not superseded by the laws of the United States, the laws of Illinois will control in all matters relating to the Plan.

3.6. Successors. This Plan is binding on the Company and any successor to the Company, whether such succession is by way of purchase, merger, consolidation, or otherwise.

3.7. Action by the Company. Any action required or permitted by the Company will be by resolution of its Board of Directors or any person or persons authorized by resolution of its Board of Directors.

3.8. Defined Terms. Terms used herein with initial capitalization that are not defined herein or do not otherwise clearly have another meaning will have the meaning given such terms in the Retirement Plan.

SECTION 4

Amendment and Termination

While the Company expects to continue the Plan, it reserves the right to amend the Plan from time to time or to terminate the Plan, provided, however, that no amendment or termination may reduce Supplemental Benefits that have already accrued to a Participant under the Plan to the date of such amendment or termination or that would accrue in the future under the Plan as a result of a Participant accumulating additional years of Participation under the Retirement Plan (unless any such reduction is compensated for by a corresponding and related increase in such Participant's Retirement Plan Benefit), nor may the Plan be amended to reduce or eliminate any Supplemental Benefit based

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on the difference between (i) Retirement Plan Benefits determined without regard to IRC 415, IRC 401(a)(17), or any successor provisions and (ii) Retirement Plan Benefits.

IN WITNESS WHEREOF, the Company has caused this Plan to be amended and restated and, as amended and restated, to be executed on its behalf, its corporate seal to be affixed, and such execution to be attested to by its duly authorized officers as of January 1, 1989.

UNITED AIR LINES, INC.

By: /s/ Edward H. Hoenicke

Edward H. Hoenicke
Senior Vice President and
General Counsel and
Chairman, Pension and
Welfare Plans Administration
Committee

[Seal]

Attest:

/s/ Joseph T. Kane

Joseph T. Kane

UNITED AIR LINES, INC. SUPPLEMENTAL RETIREMENT PLAN

This is a defined benefit plan and a non IRS qualified plan covering non-union ground employees whose last employment is with the Company. The purpose of this Plan is to supplement the retirement incomes payable under the United Air Lines, Inc. Non-Union Ground Employees' Plan or any successor plan to certain employees of the Company, or the surviving spouse when applicable.

Plan No. NA

Key

A: 1/1/87
E: 1/1/87
B: 4/24/80, 10/25/84, 11/28/86 & 6/1/87
D: NA

A = Adopted
E = Effective
B = Board Resolution
D = IRS Determination
Date
NA = Not Applicable

AMENDMENT SUMMARY

No amendments.

Officer Benefits
UAL Corporation and United Air Lines, Inc.

Travel Benefits

Positive-space travel is provided on United for active and retired officers of UAL and United and their eligible dependents, and cash payments are made to federal and state tax authorities on behalf of each active officer to cover tax liability on up to \$12,000 in value of travel benefits, and for retired officers on up to \$6,000 in value of travel benefits. This benefit includes admission to United's Red Carpet Club. For purposes of this policy, officers who are also directors of UAL receive the benefits provided to directors.

Financial Advisory Services

Financial advisory services are provided to designated officers of UAL and United. Reimbursement is limited to \$7,000 in the first year the officer is admitted to the program, and to \$4,000 per year thereafter. Unused reimbursements may be carried over and used in succeeding years.

Club Memberships

Payment is made by United for the cost of social club memberships for designated officers. The Company does not pay dues for clubs which discriminate on the basis of race, sex, religion or national origin. Such memberships are authorized by the Chairman consistent with long-standing company policies.

Welfare Benefits

All officers of UAL and United may elect "Split-Dollar" life insurance. Under the split-dollar program, officers receive whole life coverage equal to approximately three times base salary less \$50,000. United and the officer share the responsibility for the premiums. United recovers its payments from the cash value of the policy. Officers also receive 24-Hour Accidental Death and Dismemberment (AD&D) insurance coverage which pays up to a \$250,000 benefit upon the accidental death or dismemberment of the insured.

Officers are covered by a self-insured supplemental long term disability plan which provides a supplement to the Company's disability benefit for certain management employees equal to 50% of monthly pay in excess of \$20,000.

Company Cars

The Chairman, President and certain other senior officers are entitled to the use of cars owned or leased by United.

AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of _____ (the "Effective Date")* between United Air Lines, Inc. ("UA") and UAL Corporation ("UAL," "UA" and "UAL" sometimes collectively referred to as "United") and _____ residing at _____ (sometimes referred to as "Executive").

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

WHEREAS, United and Executive have entered into a letter agreement, dated as of October 6, 1998 (the "Initial Agreement") governing the circumstances under which this Agreement shall be entered into;

WHEREAS, a "United Breach" and a "Triggering Event" (each as defined in the Initial Agreement) have occurred;

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

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

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

1. Relinquishment of Title, Continued Employment. Executive hereby ceases to serve in the Executive Position, effective as of the Effective Date. Thereafter, Executive will continue to be actively employed by United, but Executive will perform services for United by being "on call", including testifying on behalf of United, and subject to such other assignments consistent with Executive's experience and reasonably acceptable to Executive as may be reasonably requested by either the person who is Executive's supervisor immediately prior to the United Breach (the "Supervisor") or the Supervisor's successor.

2. Time Period of Employment; Retirement. A. United agrees to employ Executive

*This date is to be the date on which the Triggering Event occurs.

and Executive agrees to be employed by United on the basis stated in Paragraph 1 from the Effective Date through the earlier of (i) except as provided in Paragraph 2(B) below, 11:59 pm. on the second anniversary of the Effective Date or (ii) the termination of this Agreement and Executive's employment pursuant to Paragraph 4 hereof (such period, the "Term").

B. If during the period commencing on the day following the second anniversary of the Effective Date and ending on the fifth anniversary of the Effective Date, Executive would first qualify for UA Retired Employee Status, as defined in United's Employee Policy Manual - Series 15 ("Retirement Status"), clause (i) of Paragraph 2(A) above shall refer to the last day of the first month that Executive so qualifies (such date, the "Qualifying Date").

C. If Executive qualifies for Retirement Status at the end of the Term, Executive shall be deemed to have retired at the end of the Term for purposes of United's employee benefit plans, including, but not limited to, pension plans, retiree medical plans and retiree travel policies (collectively, the "United Benefit Plans") in accordance with the terms of each

United Benefit Plan. Notwithstanding the foregoing, if the Term ends pursuant to Paragraph 2(A)(ii) above, by virtue of the operation of (1) Paragraph 4(A)(i), (ii) or (iv) below, Executive shall not be deemed to have retired at the end of the term for purposes of the United Benefit Plans; or (2) Paragraph 4(A)(iii) below, Executive will be governed by United's illness leave of absence policy and the benefits provided thereunder (other than any provision that would provide Executive with a right to resume employment with United) at the end of the Term, unless, if Executive qualifies for Retirement Status, Executive elects to retire in lieu of being governed by such policy. Notwithstanding any other provision hereof, Executive's qualification for retirement with respect to the Equity Plans and the Other Grants (each as defined in Paragraph 3(C)(vii) hereof) shall be determined pursuant to the provisions of Paragraph 3(C)(vii) hereof.

3. Compensation and Benefits. A. Accrued Benefits; Salary. (i) United will pay or provide to Executive within 15 days following the Effective Date all amounts and benefits which Executive would have received between the date of the United Breach and the Effective Date had no United Breach occurred, and which have not been previously paid or provided, which amounts and benefits shall be determined without regard to any United Breach.

(ii) United will pay Executive during the Term a monthly salary equal to Executive's monthly salary (the "Basic Salary") as in effect immediately prior to the occurrence of the United Breach; provided, however, that if the Term is extended pursuant to Paragraph 2(B) hereof, the salary payable per month to Executive shall equal (a) the Basic Salary multiplied by 24, divided by (b) the number of whole and partial months between the Effective Date and the Qualifying Date. Such payments will be made on the same schedule as salary payments are made to actively employed officers of United from time to time, currently the 15th and last day of each month. Any amounts will be prorated for any partial month. All payments will be subject to withholding for taxes and other purposes as required by applicable law. During the Term, Executive will not be entitled to any increase nor subject to any decrease in such salary payments.

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B. Incentive Compensation. Within 15 business days following the Effective Date, United shall pay to Executive a lump sum cash payment equal to Executive's target "incentive opportunity" (as defined in UA's Incentive Compensation Plan as in effect immediately prior to the United Breach, or any comparable replacement plan (such plan or replacement plan, the "Incentive Compensation Plan")), multiplied by a fraction, the numerator of which is the number of days between January 1st of the year in which the Effective Date occurs and the Effective Date, and the denominator of which is 365. In addition, if Executive's incentive opportunity with respect to the immediately preceding fiscal year has not yet been paid or deferred as of the Effective Date, Executive shall be paid Executive's incentive opportunity, if any, that would have been paid with respect to such fiscal year, calculated without regard to any United Breach that would adversely affect the computation of such incentive opportunity, which payment shall be made to Executive at the time it would otherwise have been paid pursuant to terms of the Incentive Compensation Plan. United shall also pay Executive during the Term a monthly payment (the "Monthly Incentive Payment") equal to one-twelfth of Executive's target incentive opportunity (as defined in the Incentive Compensation Plan, and calculated by reference to the Basic Salary); provided, however, that if the Term is extended pursuant to Paragraph 2(B) hereof, the amount payable per month to Executive shall equal (i) the Monthly Incentive Payment multiplied by 24, divided by (ii) the number of whole and partial months between the Effective Date and the Qualifying Date. All payments will be subject to withholding for taxes and other purposes as required by applicable law. During the Term, Executive will not be entitled to any increase nor subject to any decrease in such incentive payments.

C. Benefits. Notwithstanding what may be provided to other active employees of United from time to time, the only benefits that Executive shall be entitled to during the Term are as follows:

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

time to time (the "Transportation Benefits"); provided, however, that if the Transportation Benefits, taken as a whole, are materially less favorable than United's transportation benefits as in effect as of October 1, 1998 (the "Prior Transportation Benefits"), Executive shall be provided with benefits under this Paragraph 3(C)(i) that are no less favorable to Executive than the Prior Transportation Benefits.

- (ii) United Air Lines, Inc. Management and Salaried Employees' Retirement Plan. Executive shall continue to participate in (A) the Retirement Plan and (B) the United Air Lines, Inc. Supplemental Retirement Plan in accordance with their terms (hereinafter collectively the "Retirement Plans").

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Executive shall be credited with 3 additional years of participation under the Supplemental Retirement Plan.

- (iii) Management Medical/Dental. Executive and his or her eligible dependents shall continue to be covered by the Management Medical/Dental Plan in the same manner as other active management employees.
- (iv) Group Life Insurance. Executive shall continue to be covered by Group Life Insurance including Contributory Life Insurance (if so covered), on the same basis as other active management employees, provided the appropriate payroll deductions are authorized and in accordance with the terms of the policies.
- (v) Officer's Accidental Death and Dismemberment Insurance/ Split Dollar Life Insurance. Executive's Officer's Accidental Death and Dismemberment coverage will continue until the end of the Term. If Executive is covered by the Officer's Split Dollar Life Insurance as of the occurrence of the United Breach, Executive will continue to be covered by such insurance until the end of the Term. In such event, the terms of Executive's coverage and option for continuation of the Officer's Split Dollar Life Insurance after the end of the Term will be explained in a separate letter upon the end of the Term.
- (vi) Disability Income Benefits. Executive will continue to be covered by United's long term disability plan (the "LTD Plan"), on the same basis as other active management employees, provided that Executive is qualified under the terms of the LTD Plan and Executive makes such payments as may be required by the Plan
- (vii) (a) Stock. Executive shall continue to participate in United's equity incentive plans (the "Equity Plans") with respect to grants made prior to the Effective Date. Grants made prior to the Effective Date other than pursuant to the Equity Plans (the "Other Grants") shall also remain outstanding. Except as otherwise provided in this Paragraph 3(C)(vii), nothing in this Agreement will increase or diminish the right of Executive to exercise any stock option that becomes exercisable according to the terms of the Equity Plans or the Other Grants, whether before or after termination. Upon the end of the Term, Executive shall be deemed to have retired, regardless of Executive's age, for purposes only of the Equity Plans and the Other Grants, so that Executive's unvested options will continue to vest and Executive will be able to exercise Executive's options until the fixed expiration date thereof; provided, however, that if Executive does not qualify for Retirement Status at the end of the Term, then (A) if the Term ends pursuant to Paragraph 2(A)(ii) above, by virtue of the operation of Paragraph 4 (B)(ii) below, Executive shall not be deemed to have retired for purposes of the Equity Plans and the Other Grants; or (B) if Executive

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takes a Competitive Position with a Competitor (each as defined in Paragraph 4(B)(ii) hereof) during the one-year period immediately following the end of the Term (the date, if any, that the Competitive Position is taken, the "Competition Date"), Executive shall be deemed to be no longer retired as of the Competition Date for purposes of the Equity Plans and the Other Grants, so that all then-

unvested options held by Executive shall be forfeited and all then-vested options held by Executive shall be exercisable for the period following the Competition Date provided in the relevant Equity Plan or Other Grant (with the Competition Date deemed to be the date of termination of Executive's employment for purposes thereof) and, unless exercised, shall thereupon terminate and be forfeited.

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

- (viii) Other Benefits. Executive will continue to be eligible to participate in the stock purchase plan, 401(k) plan, Flexible Spending Account and Employee Stock Ownership Plan, including any plan or plans adopted in substitution therefor, and including any New Employee Stock Ownership Plan (as defined in the Initial Agreement), and be eligible for payroll savings bonds on the same basis as other active employees. Executive will also be eligible to utilize the Credit Union subject to its rules.
- (ix) Vacation and Holidays. Executive agrees to forego any unused vacation time existing as of the Effective Date and no paid vacation or holiday time will be accrued or taken after the Effective Date.
- (x) Outplacement Benefits. For a period of 12 months following the end of the Term, Executive will be provided with outplacement assistance appropriate to the Executive Position held by Executive prior to the United Breach.

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

E. (i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by Executive hereunder, when taken together with any payment or benefits received or to be received pursuant to the terms of any other plan, arrangement or agreement with United, or any affiliate thereof (all such payments and benefits being hereinafter called "Total Payments") would be subject (in whole or part), to any excise tax (the "Excise Tax") imposed under section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then, the payments under Paragraph 3(A) shall first be reduced, the payments under Paragraph 3(B) shall thereafter be reduced and individual benefits under Paragraph 3(C) shall thereafter be eliminated, to the extent necessary so that no portion of the

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Total Payments is subject to the Excise Tax, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments); provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraphs 3(A) and 3(B).

(ii) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to the United Breach, United's independent auditor, does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the Base

Amount (as defined in section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

4. Termination of Employment Under Agreement.

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

- (i) Executive's death;
- (ii) Any material breach by Executive of Paragraph 6 or 9 hereof or the failure by Executive to provide notice to United pursuant to Paragraph 4(B)(ii) hereof;
- (iii) Executive's qualification for long term disability benefits under the terms of any long term disability plan or program of United, regardless of whether Executive is enrolled in any such plan or program; or
- (iv) Executive's termination for Cause (as defined below).

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

B. Election of Executive. (i) During the Term, if Executive elects to terminate his or her employment for any reason, Executive will receive, in lieu of any further payments under Paragraphs 3(A)(ii) and 3(B) above (such payments, the "Monthly Payments"), a one time lump sum payment (subject to withholding for taxes and other purposes as required by applicable laws) in an amount equal to the sum of the remaining Monthly Payments payable under this Agreement, and will no longer be entitled to any benefits under Paragraph 3(C) (other than benefits required by law or otherwise vested). Before Executive's election to terminate under this paragraph can become effective, Executive must have provided United seven (7) days' written notice of his or her election by registered mail addressed to the General Counsel of United at its principal World Headquarters offices. Executive's termination of employment will be as of the seventh (7th) day after receipt by United of such notice, at which time he or she will no longer have the status of an active employee of United (including the entitlement to benefits described in Paragraph 3(C), other than benefits required by law or otherwise vested).

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

(A) Upon agreeing to such employment (including for purposes of this Paragraph 4(B)(ii)(A) any employment which commences during the one-year period immediately following the end of the Term, if Executive does not qualify for Retirement Status at the end of the Term), Executive must immediately so notify United in writing by registered mail addressed to the

General Counsel of United at its principal World Headquarters offices;

(B) Executive will be deemed to have elected to terminate his or her employment under this Agreement (including the entitlement to benefits described in Paragraph 3(C))

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effective as of the day Executive becomes employed by such Competitor; and

(C) Executive will be entitled to no further compensation after such effective date.

For purposes of this Agreement, (1) "Competitor" means any airline or air carrier or any company affiliated, directly or indirectly, with another airline or air carrier and (2) "Competitive Position" means becoming employed by, become a member of the board of directors of, a consultant to, or to otherwise provide services of any nature to a Competitor directly or indirectly.

C. Survival. Notwithstanding any termination of Executive's employment under this Agreement, Executive shall continue to be bound by (1) the provisions of Paragraphs 6 through 16 hereof, (2) the proviso to the final sentence of Paragraph 3(C)(vii)(a) and (3) the provisions of Paragraph 4(B)(ii)(A) hereof.

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

6. Confidentiality.

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

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

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(ii) Whether directly or indirectly, individually, as a director, stockholder, owner, partner, employee, principal, or agent of any business, or in any other capacity, during the Term of this Agreement and for the three (3) year period thereafter, Executive shall not make known, disclose, furnish, make available or utilize any of the Confidential Information, other than in the proper performance of the duties contemplated under this Agreement. Executive shall return any tangible

Confidential Information, including photocopies, extracts and summaries thereof, or any such information stored electronically on tapes, computer disks, or in any other manner that Executive has in his or her possession (a) on the Effective Date of this Agreement, (b) at the end of the Term, and (c) at such time as United requests Executive to do so.

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

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

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

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

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

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pugns or in any way reflects adversely upon the business or reputation of United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns.

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

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

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

9. Assent and Release. A. In consideration for the payments and benefits provided in this Agreement, Executive hereby voluntarily, knowingly, willingly, irrevocably, and unconditionally releases UA and UAL together with their respective parents, subsidiaries and affiliates, and each of their respective officers, directors, employees, representatives,

attorneys and agents, and each of their respective predecessors, successors and assigns (collectively, the "Releasees") from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, causes of action, rights, costs, losses, debts, and expenses of any nature whatsoever, known or unknown, which against them Executive or his or her successors or assigns ever had, now have or hereafter can, shall or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, fact or cause whatsoever arising from the beginning of time to the date of this Agreement, including without limitation all claims arising under Title VII of the Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 ("ADEA"), the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, each as amended; and all other federal, state or local laws, rules, regulations, judicial decisions or public policies now or hereafter recognized, including but not limited to the California Fair Employment and Housing Act, the Colorado anti-discrimination laws, the Illinois Human Rights Act, the New Jersey Law Against Discrimination and the New York City and State Human Rights Law, each as amended. This release by Executive of the Releasees also includes, without limitation, all claims arising under each employee pension, employee welfare, and executive compensation plan of United now in effect or hereafter adopted, except for any benefits to be provided to Executive under this Agreement or in the normal course of Executive's

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employment through the Effective Date. It is agreed that this paragraph shall survive termination of the Agreement. Nothing in this Paragraph 9 shall affect or impair any right that Executive has to either (1) indemnification pursuant to United's bylaws or applicable law or (2) any vested benefit under United's employee benefit plans.

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

- (i) In return for this Agreement, Executive will receive compensation beyond that which he or she was already entitled to receive before entering into this Agreement;
- (ii) Executive has been advised by United to consult with an attorney before signing this Agreement;
- (iii) Executive was given a copy of this Agreement on or before October 15, 1998, and was given another copy of this Agreement on _____.* Executive has been informed that Executive has not less than forty-five (45) days from _____** within which to consider the Agreement and, if Executive considers this Agreement for fewer than 45 days, then Executive agrees that he or she has had a reasonable period of time to consider the Agreement; and
- (iv) Executive was informed that Executive had seven (7) days following the date of execution of the Agreement in which to revoke the Agreement. After seven (7) days this Agreement will become effective, enforceable and irrevocable unless written revocation is received by the undersigned from Executive on or before the close of business on the seventh (7th) day after Executive executed this Agreement. If Executive revokes this Agreement it shall not be effective or enforceable and Executive will not receive the compensation or benefits described in this Agreement.

C. Waiver of Unknown Claims. It is the intention of Executive and United in executing this Agreement that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, Executive hereby expressly waives any and all rights and benefits conferred upon Executive by the

*This date is to be the date on which Executive is given another copy of the Agreement following the occurrence of a Triggering Event.

**This date is to be the date on which Executive is given another copy of the Agreement following the occurrence of a Triggering Event.

provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to Executive, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

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

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

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

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

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

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

14. Supersedes Prior Agreement(s). This Agreement and the Initial Agreement

supersede and void any prior oral or written agreement relating in any way to Executive's employment with UA or UAL which may have been entered into between the parties hereto. Any change to this Agreement or the Initial Agreement after its respective effective date must be in writing and must be executed by UA, UAL and Executive.

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

16. Legal Fees, Arbitration. United shall pay to Executive all reasonable legal fees and expenses incurred by Executive in disputing in good faith any issue hereunder or under the Initial Agreement or in seeking in good faith to obtain or enforce any benefit or right provided hereunder or under the

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

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

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

UAL CORPORATION AND
UNITED AIR LINES, INC.

EXECUTIVE

By: _____
Name:
Title:

(Please print name)

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

EXECUTED as of the day and year first above written.

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/ Douglas A. Hacker

Douglas A. Hacker

Its Attorney-in-Fact

Its Senior Vice President and

Chief Financial Officer

P.A. No. 1663

S6-2

SA6

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

UNITED AIR LINES, INC.

Exhibit A-2 to Purchase Agreement Number 1663

P.A. No. 1663

A-2

SA6

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AIRCRAFT CONFIGURATION

Dated November 6, 1998

relating to

BOEING MODEL 777-222 "B" MARKET AIRCRAFT

The Detail specification, referred to in Article 1 of the Purchase Agreement for the "B" Market Aircraft is Boeing Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], revision A dated as of January 4, 1997. Such Detail Specification will be comprised of Boeing Configuration Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] as amended to incorporate the applicable specification language as further revised to reflect the effect of the changes set forth in the Changes listed below, including the effects of such changes on Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). It is understood and agreed that the Basic Price of the "B" Market Aircraft set forth in Article 3 of this Agreement, reflects and includes all applicable price effects of such changes.

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SA6

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Exhibit A-2 to
Purchase Agreement No. 1663
Page 1

PRICE
PER A/P
[*CONFIDENTIAL
MATERIAL OMITTED
AND FILED

FOLLOW-ON
PRICE
PER A/C
[*CONFIDENTIAL
MATERIAL
OMITTED AND
FILED
SEPARATELY

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

Exhibit A-2 to
Purchase Agreement No. 1663
Page 2

CR/TITLE	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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Exhibit A-2 to
Purchase Agreement No. 1663
Page 3

CR/TITLE	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Exhibit A-2 to
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CR/TITLE	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
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CONFIDENTIAL TREATMENT]

Exhibit A-2 to
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	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
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CONFIDENTIAL TREATMENT]

Exhibit A-2 to
Purchase Agreement No. 1663
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	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
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Exhibit A-2 to
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	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
CR/TITLE =====	=====	=====

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CR/TITLE =====	=====	=====

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CR/TITLE =====	=====	=====

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CR/TITLE =====	=====	=====

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CR/TITLE =====	=====	=====

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

Exhibit A-2 to
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	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Exhibit A-2 to
Purchase Agreement No. 1663
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	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Exhibit A-2 to
Purchase Agreement No. 1663
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	PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED	FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED
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AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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

Exhibit A-2 to
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PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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

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PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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

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PRICE PER A/P [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] FOLLOW-ON PRICE PER A/C [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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

Supplemental Agreement No. 7

to

Purchase Agreement No. 1663

between

The Boeing Company

and

UNITED AIR LINES, INC.

Relating to Boeing Model 777-222 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of the 6th day of November, 1998, by and between THE BOEING COMPANY, a Delaware corporation (hereinafter called Boeing), and UNITED AIR LINES, INC., a Delaware corporation, (hereinafter called Buyer);

W I T N E S S E T H:

WHEREAS, the parties hereto entered into an agreement dated as of December 18, 1990, relating to Boeing Model 777-222 aircraft (hereinafter referred to as the "Aircraft"), which agreement, as amended, together with all exhibits and specifications attached thereto and made a part thereof which is hereinafter called the "Purchase Agreement" and;

WHEREAS, Buyer wishes to purchase an additional ten (10) Model 777-222 "B" market aircraft and six (6) Model 777-222 "A" Market aircraft pursuant to Letter Agreement No. 6-1162-MDH-770;

WHEREAS, Boeing wishes to restate the Specification for the Model 777-222 "A" Market Aircraft in its new DCAC system of stating and controlling aircraft specifications, as opposed to its old Legacy system;

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

P.A. No. 1663 S7-1 SA7

Supplemental Agreement No. 7
Purchase Agreement No. 1663

1. In the TABLE OF CONTENTS the title of EXHIBIT D is revised to read:

"Price Adjustment Due to Economic
Fluctuations - Airframe and Engine
Block A "A" Market Aircraft, Block A "B" Market
Aircraft and Block B "B" Market Aircraft"

2. In the TABLE OF CONTENTS following EXHIBIT D Price Adjustment Due to Economic Fluctuations - Airframe and Engine Block A "A" Market Aircraft, Block A "B" Market Aircraft and Block B "B" Market Aircraft add the following:

"EXHIBIT D-1 "Price Adjustment Due to Economic
Fluctuations - Airframe and Engine
Block B "A" Market Aircraft and
Block C "B" Market Aircraft"

3. Article 1.1.1 is revised as follows:

- (a) in the first sentence, the words, "twenty-two (22)" are inserted in lieu of the words "sixteen (16)";
- (b) in the second sentence, after the words "collectively as" insert the words "Block A "A" Market Aircraft and Block B "A" Market Aircraft";
- (c) in the third sentence insert the words "Block A "A" Market" before the word "Aircraft";

- (d) after the third sentence, add a new sentence,
"The Block B "A" Market Aircraft will be
manufactured by Boeing in accordance with
Boeing Detail Specification [*CONFIDENTIAL
MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO
A REQUEST FOR CONFIDENTIAL TREATMENT], Original
Release, dated September 15, 1998 (as modified
and described in Exhibit A-3 attached hereto)
as it may be modified from time to time in
accordance with the terms and conditions of
Article 7 herein.";
- (e) at the end of what used to be the fourth
sentence and is now the fifth sentence, add
"the Block B "A" Market Aircraft, as the case
may be."

4. Article 1.1.2 is revised as follows:

- (a) in the first sentence, the words "thirty
(30)" are inserted in lieu of the words
"twenty (20)";

P.A. No. 1663 S7-2 SA7

Supplemental Agreement No. 7
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- (b) in the second sentence, the words "Block C "B"
Market Aircraft" are inserted after the words "Block B "B" Market
Aircraft."

5. In Article 2, Paragraph 2.1 Time of Delivery, the sub-
heading entitled "A" Market Aircraft" in the delivery schedule is
revised to read:

"A" Market Aircraft
Block A "A" Market Aircraft"

6. In Article 2, Paragraph 2.1 Time of Delivery, following
the delivery schedule for the Block "A" A Market Aircraft, add
the following delivery schedule for the Block B "A" Market
Aircraft:

Block B "A" Market Aircraft

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

7. In Article 2, Paragraph 2.1, Time of Delivery, following
the delivery schedule for the Block B "B" Market Aircraft, add
the following delivery schedule for the Block C "B" Market
Aircraft:

Block C "B" Market Aircraft

March 1999 One (1)
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8. Article 3.1.1 is revised as follows:

The title is revised to read "Basic Price of the Block A
"A" Market Aircraft" and the words "Block A" are inserted before
the words "A" Market" in the first sentence.

P.A. No. 1663 S7-3 SA7

Supplemental Agreement No. 7
Purchase Agreement No. 1663

9. A new Paragraph 3.1.4 is added to the Purchase Agreement
which reads as follows:

"3.1.4 Basic Price for the Block B "A" Market
Aircraft. The basic price for each of the Block B "A" Market

Aircraft shall be equal to the sum of (i) [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] plus the price of the engines, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for a total of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] (which includes the price effects of all Change Orders through Change Order 10A) and (ii) such price adjustments applicable to such Block B "A" Market Aircraft as may be made pursuant to the provisions of this Agreement, including Article 7 (Changes to Detail Specification) and Article 8 (FAA Requirements) or other written agreements executed by Buyer and Boeing."

10. A new Paragraph 3.1.5 is added to the Purchase Agreement which reads as follows:

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

11. Article 3.2 Purchase Price is revised to read:

"The purchase price of each Aircraft shall be equal to the sum of the following items as determined at the time of such Aircraft delivery; (i) the Basic Price of the Block A "A" Market Aircraft, Block B "A" Market Aircraft, Block A "B" Market Aircraft, Block B "B" Market Aircraft or Block C "B" Market Aircraft as applicable, (ii) the Airframe and Engine Price Adjustments to be determined pursuant to Exhibit D (Price Adjustment Due to Economic Fluctuations - Airframe and Engine - Block A "A" Market Aircraft, Block A "B" Market Aircraft and Block B "B" Market Aircraft) or Exhibit D-1 (Price Adjustment Due to Economic Fluctuations - Airframe and Engine (Block B "A" Market Aircraft and Block C "B" Market Aircraft) attached hereto or the applicable provisions determined in Article 3.1 above, and (iii) such price adjustments

P.A. No. 1663 S7-4 SA7

Supplemental Agreement No. 7
Purchase Agreement No. 1663

applicable to such Aircraft as may be made pursuant to the provisions of this Agreement, including Exhibit E (Buyer Furnished Equipment Document) or other written agreements executed by Boeing and Buyer (the "Purchase Price")."

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

(a) For future [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], plus such price adjustments applicable to such "Airframe & Special Features as may be made pursuant to the provisions of this Agreement, including Exhibit E (Buyer Furnished Equipment Document) or other written agreements executed by Boeing and Buyer, and

(b) For future [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], plus such price adjustments applicable to such "Airframe & Special Features as may be made pursuant to the provisions of this Agreement, including Exhibit E (Buyer Furnished Equipment Document) or other written agreements executed by Boeing and Buyer.

13. In Article 5, Paragraph 5.1 Advance Payment Base Price, the heading entitled "A" Market Aircraft" in the schedule set

"1.1.3 Block C "B" Market Basic Credit Memorandum.

A basic credit memorandum will be issued by Boeing at the time of delivery of each Block C "B" Market Aircraft in the amount of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(e) Paragraph 1.3: The title is revised to Read "Block A "A" Market Special Launch Customer Credit Memo - Firm Aircraft" and the words "Block A" are inserted before the words "'A' Market Aircraft" in the first sentence.

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Supplemental Agreement No. 7
Purchase Agreement No. 1663

(f) Paragraph 1.3.1: The title is revised to read "Block A and Block B "B" Market [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]" and the words "Block A and Block B" are inserted before the words "'B' Market Aircraft" in the first sentence.

(g) Paragraph 1.3.2: The title is revised to read "Block A and Block B "B" Market [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]" and the words "Block A and Block B" are inserted before the words "'B' Aircraft" in the first sentence.

(h) A new Paragraph 1.3.3 is added which reads as follows:

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

(i) A new Paragraph 1.3.4 is added which reads as follows:

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

(j) A new Paragraph 1.3.5 is added which reads as follows:

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

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

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

19. Letter Agreement 6-1162-DLJ-1193 entitled "Substitution of Performance Guarantees" is revised by deleting the existing Attachment A and substituting the revised Attachment (attached):

P.A. No. 1663 S7-8 SA7

Supplemental Agreement No. 7
Purchase Agreement No. 1663

20. Letter Agreement 6-1162-RCN-925 entitled "'B' Market Aircraft Performance Guarantees" is revised by deleting the existing Attachment A and substituting the revised Attachment (attached).

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

22. This Supplemental Agreement, including all of the

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

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

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

ACCEPTED AND AGREED TO:

THE BOEING COMPANY UNITED AIR LINES, INC.

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

Douglas A. Hacker
Its Attorney-in-Fact Its Senior Vice President and

Chief Financial Officer

P.A. No. 1663 S7-9 SA7

AIRCRAFT CONFIGURATION
between
THE BOEING COMPANY
and
UNITED AIR LINES, INC.

Exhibit A-3 to Purchase Agreement Number 1663

P.A. No. 1663 A-3 SA7
i

AIRCRAFT CONFIGURATION
Dated November 6, 1998
relating to
BOEING MODEL 777-222 "A" MARKET AIRCRAFT
Block B "A" Market

The Detail Specification, referred to in Article 1 of the Purchase Agreement for the Block B "A" Market Aircraft is Boeing Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Such Detail Specification will be amended to incorporate the applicable specification language to reflect the effect of the changes set forth in the Changes listed below, including the effects of such changes on Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). It is understood and agreed that the Basic Price of the Block B "A" Market Aircraft set forth in Article 3 of this Agreement, reflects and includes all applicable price effects of such changes.

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

P.A. No. 1663 SA7

Exhibit A-3 to
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OPTION NO. TITLE
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

P.A. No. 1663 SA7

Exhibit A-3 to
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DCAC
OPTION NO. TITLE
- - - - -

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

P.A. No. 1663 SA7

Exhibit A-3 to
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DCAC
OPTION NO. TITLE
- - - - -

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

P.A. No. 1663 SA7

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DCAC
OPTION NO. TITLE
- - - - -

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

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DCAC
OPTION NO. TITLE
- - - - -

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

AIRFRAME AND ENGINE PRICE ADJUSTMENT

between

THE BOEING COMPANY

and

UNITED AIR LINES, INC.

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

Exhibit D-1 to Purchase Agreement Number 1663

Exhibit D-1 Page 1

PRICE ADJUSTMENT DUE TO
ECONOMIC FLUCTUATIONS
AIRFRAME PRICE ADJUSTMENT
BLOCK B "A" MARKET AIRCRAFT AND BLOCK C "B" MARKET AIRCRAFT
(1995 Base Price)

1. Formula.

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

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

Where:

Pa = Airframe Price Adjustment

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

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

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

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

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

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

ICI = The three-month arithmetic average of the released monthly values for the Industrial Commodities Index as set forth in the

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Year 1982 = 100) as released by the Bureau of Labor Statistics, U.S. Department of Labor values (expressed as a decimal and rounded to the nearest tenth) for the months set forth in the table below for the applicable Aircraft.

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

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

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

The following definitions of B and D will apply:

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

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

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

2.1 The Airframe Price Adjustment, to be used at the time of delivery of each of the Aircraft, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled Aircraft delivery will be used to determine the ECI and ICI values for the applicable months

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(including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment. If no values have been released for an applicable month, the provisions set forth in Paragraph 2.2 below will apply. If prior to delivery of an Aircraft the U.S. Department of Labor changes the base year for determination of the ECI or ICI values as defined above, such rebased values will be incorporated in the Airframe Price Adjustment calculation. The payment by Buyer to Boeing of the amount of the Purchase Price for such Aircraft, as determined at the time of Aircraft delivery, will be deemed to be the payment for such Aircraft required at the delivery thereof.

2.2 If prior to delivery of an Aircraft the U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ECI and ICI values (in contrast to benchmark adjustments or other

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

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

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

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

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ENGINE PRICE ADJUSTMENT - PRATT & WHITNEY
BLOCK B "A" MARKET AIRCRAFT AND BLOCK C "B" MARKET AIRCRAFT
(1995 BASE PRICE)

(a) The Aircraft Basic Price of each Block B "A" Market Aircraft and Block C "B" Market Aircraft set forth in Article 3.2 of this Agreement includes an aggregate price for engines and all accessories, equipment and parts therefor provided by the engine manufacturer (collectively in this Exhibit D-1 called "Engines") of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The adjustment in Engine price applicable to each Aircraft ("Engine Price Adjustment" herein) will be determined at the time of Aircraft delivery in accordance with the following formula:

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

(b) The following definitions will apply herein:

$$Pa = \text{Engine Price Adjustment}$$

P = Aggregate Engine Base Price as set forth in paragraph (a) above.

$$AA = .60 \times L$$

\$17.80

$$BB = .30 \times M$$

130.6

$$CC = .10 \times E$$

76.6

In determining the value of AA, BB and CC, the ratio of L divided

by \$17.80, M divided by 130.6 and E divided by 76.6 will be expressed as a decimal and rounded to the nearest ten-thousandth but the decimal value resulting from multiplying such ratios by the respective constants (.60, .30 and .10) will not be rounded. The value of the sum of AA + BB + CC will also be rounded to the nearest ten-thousandth.

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

\$17.80 = Published Labor Index (SIC 3724) for December, 1994.

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

130.6 = Published Material Index (Code 10) for December, 1994.

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

76.6 = Published Fuel Index (Code 5) for December, 1994.

The Engine Price Adjustment will not be made if it would result in a decrease in the aggregate Engine base price.

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

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

In the event the Engine Price Adjustment escalation provisions of this Agreement are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, P&WA agrees to meet with Boeing and jointly agree, to the extent that they may lawfully do so, to adjust equitably the purchase price of the Engine(s) to reflect an allowance for increases in labor, material and fuel costs that occurred from December, 1994 to the seventh month preceding the month of scheduled delivery of the applicable Aircraft.

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

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MODEL 777-222 PERFORMANCE GUARANTEES
FOR UNITED AIR LINES, INC.

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1	AIRCRAFT MODEL APPLICABILITY
2	FLIGHT PERFORMANCE
3	MANUFACTURER'S EMPTY WEIGHT
4	AIRCRAFT CONFIGURATION
5	GUARANTEE CONDITIONS
6	GUARANTEE COMPLIANCE
7	EXCLUSIVE GUARANTEES

P.A. No. 1663
AERO-B-B111-M98-0513 SS98-0375

1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 777-222 Aircraft with a maximum takeoff weight of at least 545,000 pounds, a maximum landing weight of 445,000 pounds, and a maximum zero fuel weight of 420,000 pounds, and equipped with Boeing furnished PW4077 engines.

2 FLIGHT PERFORMANCE

2.1 Mission

2.1.1 Mission Payload

The payload for a stage length of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] using the conditions and operating rules defined below, shall not be less than the following guarantee value:

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

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for the climb, cruise, and descent.

Takeoff: The airport altitude is 364 feet.
The airport temperature is 44 degrees Fahrenheit.
The runway length is 13,123 feet prior to subtracting the lineup allowance.
The takeoff lineup allowance is 270 feet.
The runway slope is 0.30 percent downhill.

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The following obstacle definition is based on a straight-out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	7 feet	5 feet
2.	4282 feet	101 feet
3.	4725 feet	107 feet

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 315 KCAS.

The climb continues at 315 KCAS until 0.83 Mach number is reached.

The climb continues at 0.83 Mach number to the initial cruise altitude.

The temperature is ISA+10 degrees Celsius during climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at 0.84 Mach number.

The initial cruise altitude is 35,000 feet.

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A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

The temperature is ISA+10 degrees Celsius during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 0.83 Mach number until 300 KCAS is reached.

The descent continues at 300 KCAS to an altitude of 10,000 feet. At that altitude the Aircraft decelerates to 250 KCAS.

The descent continues at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level.

The temperature is ISA+10 degrees Celsius during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is 667 feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out:
Fuel 570 Pounds
Takeoff and Climbout Maneuver:
Fuel 1,490 Pounds
Distance 0 Nautical Miles

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Approach and Landing Maneuver:
Fuel 520 Pounds

Taxi-in (shall be consumed from the reserve fuel):
Fuel 290 Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: 20,000 Pounds

2.1.2 Operational Empty Weight Basis

The Operational Empty Weight (OEW) derived in Paragraph 2.1.3 is the basis for the mission guarantee of Paragraph 2.1.1.

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2.1.3 777-222 Weight Summary of United Air Lines, Inc.

Pounds

Customer Configuration specification MEW Configuration Specification [*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]

292 (12F/49C/231Y) Passengers
PW4077 Engine

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

Changes for United Air Lines, Inc.
[*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]

United Air Lines, Inc. Manufacturer's Empty
Weight (MEW)*

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

Standard and Operational Items Allowance
(Paragraph 2.1.4)

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

United Air Lines, Inc. Operational Empty
Weight (OEW)

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

Quantity Pounds Pounds

*Seat Weight Included: [*CONFIDENTIAL MATERIAL OMITTED AND
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREAT-
MENT]

First Class Doubles
Business Class Doubles
Business Class Triples
Economy Class Doubles
Economy Class Quadruples

2.1.4 Standard and Operational Items Allowance

	Qty	Pounds	Pounds	Pounds
Standard Items Allowance				
Unusable Fuel				
Oil				
Oxygen Equipment				
Passenger Portable				
Miscellaneous Equipment				
First Aid Kits				
Crash Axe				
Megaphones				
Flashlights				
Fire Gloves				
Smoke Goggles				
Smoke Hoods				
Medical Kit				
Galley Structure & Fixed Inserts				

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

Operational Items Allowance

Crew and Crew Baggage				
Flight Crew				
Cabin Crew				
Catering Allowance				
First Class				
Business Class				
Economy Class				
Passenger Service Equipment				
Potable Water				
Waste Tank Disinfectant				
Emergency Equipment				
Slide Rafts				
Passenger Life Vests				
Flight Crew Life Vests				
Locator Transmitter				
Cargo System				
LD-3 Containers				
Total Standard and Operational Allowance				

3 MANUFACTURER'S EMPTY WEIGHT

The Manufacturer's Empty Weight (MEW) is guaranteed not to exceed the [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4 AIRCRAFT CONFIGURATION

4.1 The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Revision H of Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

TO A REQUEST FOR CONFIDENTIAL TREATMENT] (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause changes to the flight performance and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.

4.2 The guarantee payload of Paragraph 2.1.1 will be adjusted by Boeing for the effect of the following on OEW and the Manufacturer's Empty Weight guarantee of Section 3 will be adjusted by Boeing for the following in its evidence of compliance with the guarantees:

(1) Changes to the Detail Specification including Change Requests, Change Orders, Optional Features or any other changes mutually agreed upon between the Customer and Boeing or otherwise allowed by the Purchase Agreement.

(2) The difference between the component weight allowances given in Appendix IV of the Detail Specification and the actual weights.

5 GUARANTEE CONDITIONS

5.1 All guaranteed performance data are based on the ICAO International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.

5.2 The FAA Regulations (FAR) referred to in this Attachment are, unless otherwise specified, the 777-200 Certification Basis regulations specified in the Type Certificate Data Sheet T-00001SE, Revision 4, dated April 18, 1996.

5.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental

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regulation or requirement that affects the certification basis for the Aircraft as described in Paragraph 5.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.

5.4 The takeoff portion of the mission guarantee is based on hard surface, level and dry runway with no wind or obstacles, no clearway or stopway, 235 mph tires, with anti-skid operative, and with the Aircraft center of gravity at the most forward limit unless otherwise specified. The takeoff performance is based on no engine bleed for air conditioning or thermal anti-icing and the Auxiliary Power Unit (APU) turned off unless otherwise specified. Unbalanced field length calculations and the improved climb performance procedure will be used for takeoff as required.

5.5 The climb, cruise and descent portions of the mission guarantee include allowances for normal power extraction and engine bleed for normal operation of the air conditioning system. Normal electrical power extraction shall be defined as not less than a 212 kilowatts total electrical load. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of 75 degrees Fahrenheit, and all air conditioning systems operating normally. This operation allows a maximum cabin pressure differential of 8.6 pounds per square inch at higher altitudes, with a nominal Aircraft cabin ventilation rate of 7,600 cubic feet per minute including passenger cabin recirculation (nominal recirculation is 50 percent). The APU is turned off unless otherwise specified.

5.6 The climb, cruise and descent portions of the mission guarantee are based on an Aircraft center of gravity location as determined by Boeing, not to be aft of 30 percent of the mean aerodynamic chord.

5.7 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of 18,580 BTU per pound and a fuel density of 6.70 pounds per U.S. gallon.

6 GUARANTEE COMPLIANCE

6.1 Compliance with the guarantees of Sections 2 and 3 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 4 and the guarantee conditions of Section 5.

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6.2 Compliance with the takeoff portion of the mission guarantee shall be based on the FAA approved Airplane Flight Manual for the Model 777-200.

6.3 Compliance with the climb, cruise and descent portions of the mission guarantee shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.

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

6.5 Compliance with the Manufacturer's Empty Weight guarantee shall be based on information in the "Weight and Balance Control and Loading Manual - Aircraft Report."

6.6 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.

6.7 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

7 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

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FOR UNITED AIR LINES, INC.

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4	AIRCRAFT CONFIGURATION
5	GUARANTEE CONDITIONS

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1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 777-222ER Aircraft with a maximum takeoff weight of at least 624,700 pounds, a maximum landing weight of 460,000 pounds, and a maximum zero fuel weight of 430,000 pounds, and equipped with Boeing furnished PW4090 engines.

2 FLIGHT PERFORMANCE

2.1 Mission

2.1.1 Mission Payload

The payload for a stage length of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] using the conditions and operating rules defined below, shall not be less than the following guarantee value:

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

Conditions and operating rules:

- Stage Length: The stage length is defined as the sum of the distances for the climb, cruise, and descent.
- Takeoff: The airport altitude is 387 feet.
The airport temperature is 46 degrees Fahrenheit.
The runway length is 11,860 feet prior to subtracting the lineup allowance.
The takeoff lineup allowance is 270 feet.
The runway slope is 0.23 percent uphill.

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The following obstacle definition is based on a straight-out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	1641 feet	26 feet
2.	3462 feet	46 feet

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 315 KCAS.

The climb continues at 315 KCAS until 0.83 Mach number is reached.

The climb continues at 0.83 Mach number to the initial cruise altitude.

The temperature is ISA+10 degrees Celsius during climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at 0.84 Mach number.

The initial cruise altitude is 31,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

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The temperature is ISA+10 degrees Celsius during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 0.83 Mach number until 300 KCAS is reached.

The descent continues at 300 KCAS to an altitude of 10,000 feet. At that altitude the Aircraft decelerates to 250 KCAS.

The descent continues at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level.

The temperature is ISA+10 degrees Celsius during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands.

The destination airport altitude is 126 feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out: Fuel 570 Pounds

Takeoff and Climbout Maneuver:
Fuel 1,750 Pounds
Distance 0 Nautical Miles

Approach and Landing Maneuver:
Fuel 520 Pounds

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Taxi-in (shall be consumed from the reserve fuel):

Fuel 290 Pounds

Usable reserve fuel remaining upon completion of the approach and landing maneuver: 20,000 Pounds

2.1.2 Operational Empty Weight Basis

The Operational Empty Weight (OEW) derived in Paragraph 2.1.3 is the basis for the mission guarantee Of Paragraph 2.1.1.

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2.1.3 777-222ER Weight Summary - United Air Lines, Inc.

Pounds

Standard Model Specification MEW Configuration Specification: [*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]

Passengers: 305 (24F/54C/227Y) (Ref. 0130CG2707)

Engines: Two PW4084 engines rated at 84,600

Pounds thrust (Ref. 7200CG7010)

Fuel Capacity: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] U.S. Gallons

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

Post Configuration Specification Weight Increase [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

PURSUANT TO A
REQUEST FOR
CONFIDENTIAL
TREATMENT]

Changes for: United Air Lines, Inc.

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

United Air Lines, Inc. Manufacturer's Empty
Weight (MEW)*

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

Standard and Operational Items Allowance
(Paragraph 2.1.4)

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

Round off

-5

United Air Lines, Inc. Operational Empty
Weight (OEW)

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

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*Weight Included in MEW:

	Quantity	Pounds	Pounds
Seats - United Airlines Vendor Weights (Includes passenger telephone and in-seat video units)	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CON- FIDENTIAL TREATMENT]		
First Class Sleeper Doubles			
Business Class Doubles			
Business Class Triples			

Business Class
Back Row
Triples

Economy Class
Front Row
Doubles

Economy Class
Doubles

Economy Class
Back Row
Doubles

Economy Class
Front Row
Quadruples

Economy Class
Quadruples

Economy Class
Back Row
Quadruples

Economy Class
Front Row
Quintuples

Economy Class
Quintuples

Economy Class
Back Row
Quintuples

Engines

Pratt & Whitney PW4090
Bare Engine plus Pratt & Whitney
engine buildup and residual fluids

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2.1.4 Standard and Operational Items Allowance

	Qty	Pounds	Pounds	Pounds
Standard Items Allowance				
Unusable Fuel				
Oil				
Oxygen Equipment				
Passenger Portable				
Miscellaneous Equipment				
First Aid Kits				
Crash Axe				
Megaphones				
Flashlights				
Smoke Goggles				
Smoke Hoods				
Medical Kit				
Fire Gloves				
Galley Structure & Fixed Inserts				

Operational Items Allowance

Crew and Crew Baggage
Flight Crew
Cabin Crew
Catering Allowance [*CON-
FIDENTIAL MATERIAL
OMITTED AND FILED
SEPARATELY WITH
THE SECURITIES AND
EXCHANGE COMMISSION
PURSUANT TO A REQUEST

FOR CONFIDENTIAL
TREATMENT]
First Class
Business Class
Economy Class
Passenger Service Equipment
Potable Water
Waste Tank Disinfectant
Emergency Equipment
Slide Rafts
Passenger Life Vests
Crew Life Vests
Locator Transmitter
Cargo System
Containers(LD-3)

Total Standard and Operational Items

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3 MANUFACTURER'S EMPTY WEIGHT

The Manufacturer's Empty Weight (MEW) is guaranteed not to exceed the [* CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4 AIRCRAFT CONFIGURATION

4.1 The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Revision A of Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] (hereinafter referred to as the Detail Specification). Appropriate adjustment shall be made for changes in such Detail Specification approved by the Customer and Boeing or otherwise allowed by the Purchase Agreement which cause changes to the flight performance and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.

4.2 The guarantee payload of Paragraph 2.1.1 will be adjusted by Boeing for the effect of the following on OEW and the Manufacturer's Empty Weight guarantee of Section 3 will be adjusted by Boeing for the following in its evidence of compliance with the guarantees:

(1) Changes to the Detail Specification including Change Requests, Change Orders, Optional Features or any other changes mutually agreed upon between the Customer and Boeing or otherwise allowed by the Purchase Agreement.

(2) The difference between the component weight allowances given in Appendix IV of the Detail Specification and the actual weights.

5 GUARANTEE CONDITIONS

5.1 All guaranteed performance data are based on the ICAO International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.

5.2 The FAA Regulations (FAR) referred to in this Attachment are, unless otherwise specified, the 777-200 Certification Basis regulations specified in the Type Certificate Data Sheet T-00001SE, Revision 4, dated April 18, 1996.

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5.3 In the event a change is made to any law, governmental

regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraph 5.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.

5.4 The takeoff portion of the mission guarantee is based on hard surface, level and dry runway with no wind or obstacles, no clearway or stopway, 235 mph tires, with anti-skid operative, and with the Aircraft center of gravity at the most forward limit unless otherwise specified. The takeoff performance is based on no engine bleed for air conditioning or thermal anti-icing and the Auxiliary Power Unit (APU) turned off unless otherwise specified. Unbalanced field length calculations and the improved climb performance procedure will be used for takeoff as required.

5.5 The climb, cruise and descent portions of the mission guarantee include allowances for normal power extraction and engine bleed for normal operation of the air conditioning system. Normal electrical power extraction shall be defined as not less than a 212 kilowatts total electrical load. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of 75 degrees Fahrenheit, and all air conditioning systems operating normally. This operation allows a maximum cabin pressure differential of 8.6 pounds per square inch at higher altitudes, with a nominal Aircraft cabin ventilation rate of 7,600 cubic feet per minute including passenger cabin recirculation (nominal recirculation is 50 percent). The APU is turned off unless otherwise specified.

5.6 The climb, cruise and descent portions of the mission guarantee are based on an Aircraft center of gravity location as determined by Boeing, not to be aft of 30 percent of the mean aerodynamic chord.

5.7 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of 18,580 BTU per pound and a fuel density of 6.70 pounds per U.S. gallon.

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6 GUARANTEE COMPLIANCE

6.1 Compliance with the guarantees of Sections 2 and 3 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 4 and the guarantee conditions of Section 5.

6.2 Compliance with the takeoff portion of the mission guarantee shall be based on the FAA approved Airplane Flight Manual for the Model 777-200.

6.3 Compliance with the climb, cruise and descent portions of the mission guarantee shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.

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

6.5 Compliance with the Manufacturer's Empty Weight guarantee shall be based on information in the "Weight and Balance Control and Loading Manual - Aircraft Report."

6.6 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.

6.7 Compliance shall be based on the performance of the airframe and engines in combination, and shall not be contingent on the engine meeting its manufacturer's performance specification.

7 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

P.A. No. 1663
AERO-B-B111-M98-0520

SS98-0403

CHANGE ORDER NO. 9

DATED November 6, 1998

TO

PURCHASE AGREEMENT NO. 1663

BETWEEN

THE BOEING COMPANY

AND

UNITED AIR LINES, INC.

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

Purchase Agreement No. 1663, dated December 18, 1990 between The Boeing Company and United Air Lines, Inc. as previously amended (the Agreement) is hereby further amended as follows:

I. Effect of Changes on Exhibit A (Detail Specification).

The attached Price Tabulation including the effects of the changes listed are hereby deemed incorporated into Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

II. Effect of Changes on the Purchase Agreement (Except Exhibit A).

The effects of the foregoing changes, except Rapid Revisions, are as follows:

A. Delivery Schedule.

There is no change to the Aircraft delivery schedule as set forth in Article 2.1 of the Agreement on account of the attached changes.

P.A. 1663

Change Order No. 9 to
Purchase Agreement No. 1663
Page 2

B. Aircraft Price.

The Basic Price of each affected Model 777-222 Aircraft as set forth in Article 3 of the Agreement is adjusted on account of the foregoing changes as follows:

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

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

C. Advance Payment Base Price.

There is no change in the Advance Payment Base Prices set forth in Article 5.1 of the Agreement for the affected Aircraft.

SIGNED as of the day and year first above written.

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/ Douglas A. Hacker

Douglas A. Hacker

Its Attorney-in-Fact

Its Senior Vice President and

Chief Financial Officer

P.A. 1663

Attachment to Change Order No. 9
to Purchase Agreement No. 1663
Page 1 of 2

Weight and Price Tabulation
UAL Model 777-222 Aircraft

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

Master Changes

Change Number	Change Title	Engineering Tab Block	Change Price	Change Price
			[*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]

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

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Attachment to Change Order No. 9
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Page 2 of 2

Total Weight Change

Engineering Tab Block	MEW	OEW

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

Total Price Change

Engineering Tab Block	Total Price Per Aircraft	Total Price Per Aircraft
	[*CONFIDENTIAL]	[*CONFIDENTIAL]

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

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]

P.A. 1663

CHANGE ORDER NO. 9A
DATED November 6, 1998
TO
PURCHASE AGREEMENT NO. 1663
BETWEEN
THE BOEING COMPANY
AND
UNITED AIR LINES, INC.

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

Purchase Agreement No. 1663, dated December 18, 1990 between The Boeing Company and United Air Lines, Inc. as previously amended (the Agreement) is hereby further amended as follows:

I. Effect of Changes on Exhibit A (Detail Specification).

The attached Price Tabulation including the effects of the changes listed will be incorporated into Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

NOTE: Revision "B" of Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] had not been completed at the time of signing of this Change Order 9A. Boeing will provide such revision concurrent with delivery of Buyer's next [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

II. Effect of Changes on the Purchase Agreement (Except Exhibit A).

The effects of the foregoing changes, except Rapid Revisions, are as follows:

A. Delivery Schedule.

There is no change to the Aircraft delivery schedule as set forth in Article 2.1 of the Agreement on account of the attached changes.

P.A. 1663

Change Order No. 9A to
Purchase Agreement No. 1663
Page 2

B. Aircraft Price.

The Basic Price of each affected Model 777-222 Aircraft as set forth in Article 3 of the Agreement is adjusted on account of the foregoing changes as follows:

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

C. Advance Payment Base Price.

There is no change in the Advance Payment Base Prices
set forth in Article 5.1 of the Agreement for the affected
Aircraft.

SIGNED as of the day and year first above written.

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/ Douglas A. Hacker

Douglas A. Hacker

Its Attorney-in-Fact

Its Senior Vice President and

Chief Financial Officer

P.A. 1663

Attachment to Change Order No. 9A
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Page 1 of 6

Weight and Price Tabulation
UAL Model 777-222 Aircraft

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

Post Contract Change Requests

Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	Change Price
					[*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]

Master Changes

Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	Change Price
					[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE	

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

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Attachment to Change Order No. 9A to Purchase Agreement No. 1663 Page 2 of 6

Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	Change Price
						[*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]

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Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	Change Price
						[*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]

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Attachment to Change Order No. 9A to Purchase Agreement No. 1663 Page 4 of 6

Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	Change Price
						[*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]

P.A. 1663

Attachment to Change Order No. 9A
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Page 5 of 6

Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	Change Price
					[*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]

P.A. 1663

Attachment to Change Order No. 9A
to Purchase Agreement No. 1663
Page 6 of 6

Total Weight Change

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

Total Price Change

Engineering Tab Block	Total Price Per	[*CONFIDENTIAL
	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	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]

P.A. 1663

CHANGE ORDER NO. 10
DATED November 6, 1998
TO
PURCHASE AGREEMENT NO. 1663
BETWEEN
THE BOEING COMPANY
AND
UNITED AIR LINES, INC.

THIS CHANGE ORDER DOCUMENTS CHANGES APPLICABLE TO [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] "A" MARKET AIRCRAFT

I. Purpose of Change Order 10.

The purpose of this Change Order 10 is to collect and make current all historical special features included in the "A" Market configuration, including Exhibit A-1, previous Change Orders 1 through 7, and master changes purchased between the execution of Change Order 7 and execution of this Change Order 10. Accordingly, the net effect on weight and pricing of all special features previously purchased are reflected herein.

Purchase Agreement No. 1663, dated December 18, 1990 between The Boeing Company and United Air Lines, Inc. as previously amended (the Agreement) is hereby further amended as follows:

II. Effect of Changes on Exhibit A-1 (Detail Specification).

The attached Price Tabulation including the effects of the changes listed are hereby deemed incorporated into Exhibit A-1 and Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Change Order No. 10 to
Purchase Agreement No. 1663
Page 2

III. Effect of Changes on the Purchase Agreement (Except Exhibit A-1).

As shown in the table below, the total net price of all Special Features applicable to [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] (including Exhibit A-1 and Change Orders 1 through 7, plus the additional changes in this Change Order 10) was [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. For all [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] aircraft, the total net price of all Special Features (including Exhibit A-1 and Change Orders 1 through this Change Order 10) shall be [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Per Aircraft Price Adjustment [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A	Per Aircraft Price Adjustment [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A
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Aircraft Effectivity

REQUEST FOR
CONFIDENTIAL
TREATMENT]

REQUEST FOR
CONFIDENTIAL
TREATMENT]

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

SIGNED as of the day and year first above written.

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/ Douglas A. Hacker

Douglas A. Hacker

Its Attorney-in-Fact

Its Senior Vice President and

Chief Financial Officer

Attachment to Change Order No. 10
to Purchase Agreement No. 1663
Page 1 of 6

Price Tabulation
UAL Model 777-222 Aircraft
Block A "A" Market

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

CHANGE NO.	TITLE	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Attachment to Change Order No. 10
to Purchase Agreement No. 1663
Page 2 of 6

CHANGE NO.	TITLE	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

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

Attachment to Change Order No. 10
to Purchase Agreement No. 1663
Page 3 of 6

CHANGE NO.	TITLE	[*CONFIDENTIAL MATERIAL OMITTED AND
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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]

TOTAL C.O.1 [*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]

Attachment to Change Order No. 10
to Purchase Agreement No. 1663
Page 4 of 6

CHANGE NO. TITLE [*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]

TOTAL C.O.2 [*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]

TOTAL C.O.3 [*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]

TOTAL C.O.4 [*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]

Attachment to Change Order No. 10
to Purchase Agreement No. 1663
Page 5 of 6

CHANGE NO. TITLE [*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]

TOTAL C.O.5 [*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]

TOTAL C.O.6 [*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]

TOTAL C.O.7 [*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]

Attachment to Change Order No. 10
to Purchase Agreement No. 1663
Page 6 of 6

CHANGE NO. TITLE [*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]

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

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

Total Weight Change

Engineering Tab Block	MEW	OEW
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	(SEE NOTE 1)	(SEE NOTE 1)
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Follow-On	(SEE NOTE 1)	(SEE NOTE 1)

NOTE 1: Weight change data was not completed at the time of signing this Change Order. Weights will be provided to Buyer not

later than 30 days after the date of execution of this Change Order.

CHANGE ORDER NO. 10A
DATED November 6, 1998
TO
PURCHASE AGREEMENT NO. 1663
BETWEEN
THE BOEING COMPANY
AND
UNITED AIR LINES, INC.

THIS CHANGE ORDER PERTAINS TO BLOCK B "A"-MARKET AIRCRAFT AND
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Purchase Agreement No. 1663, dated December 18, 1990 between The
Boeing Company and United Air Lines, Inc. as previously amended
(the Agreement) is hereby further amended as follows:

I. Effect of Changes on Exhibit A-3 (Detail Specification).

The attached Price Tabulation including the effects of the
changes listed shall be incorporated into Detail Specification
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT].

NOTE: The Original Release of Detail Specification
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT] had not been completed at the time of
signing of this Change Order 10A. Boeing will provide such
revision within ninety (90) days of execution of this Change
Order 10A.

II. Effect of Changes on the Purchase Agreement (Except Exhibit A-3).

The effects of the foregoing changes, except Rapid
Revisions, are as follows:

A. Delivery Schedule.

There is no change to the Aircraft delivery schedule
as set forth in Article 2.1 of the Agreement on account of the
attached changes.

P.A. 1663

Change Order No. 10A to
Purchase Agreement No. 1663
Page 2

B. Aircraft Price.

The Basic Price of each affected Model 777-222 "A"
Market Aircraft as set forth in Article 3 of the Agreement is
adjusted on account of the foregoing changes as follows:

Contract Delivery Month	Per Aircraft Price Adjustment [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EX- CHANGE COMMISSION PURSUANT TO A REQUEST FOR CON- FIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

C. Advance Payment Base Price.

The effects of the attached Weight and Price Tabulation are already included in the Advance Payment Base Prices set forth in Article 5.1 of the Agreement for the affected Aircraft.

SIGNED as of the day and year first above written.

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/ Douglas A. Hacker

Douglas A. Hacker

Its Attorney-in-Fact

Its Senior Vice President and

Chief Financial Officer

P.A. 1663

Attachment to Change Order No. 10A
to Purchase Agreement No. 1663
Page 1 of 8

Price Tabulation
UAL Model 777-222 Aircraft

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

Changes

Change Number	Change Title	Engineering Tab Block (AINS)	Change Price [*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]

P.A. 1663

Attachment to Change Order No. 10A
to Purchase Agreement No. 1663
Page 2 of 8

Change Number	Change Title	Engineering Tab Block (AINS)	Change Price [*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]

P.A. 1663

Attachment to Change Order No. 10A
to Purchase Agreement No. 1663
Page 3 of 8

Change Number	Change Title	Engineering Tab Block (AINS)	Change Price [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

P.A. 1663

Attachment to Change Order No. 10A
to Purchase Agreement No. 1663
Page 4 of 8

Change Number	Change Title	Engineering Tab Block (AINS)	Change Price [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

P.A. 1663

Attachment to Change Order No. 10A
to Purchase Agreement No. 1663
Page 5 of 8

Change Number	Change Title	Engineering Tab Block (AINS)	Change Price [*CONFIDENTIAL MATERIAL OMITTED AND FILED
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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]

P.A. 1663

Attachment to Change Order No. 10A
to Purchase Agreement No. 1663
Page 6 of 8

Change Number	Change Title	Engineering Tab Block (AINS)	Change Price [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

P.A. 1663

Attachment to Change Order No. 10A
to Purchase Agreement No. 1663
Page 7 of 8

Change Number	Change Title	Engineering Tab Block (AINS)	Change Price [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

P.A. 1663

Attachment to Change Order No. 10A
to Purchase Agreement No. 1663
Page 8 of 8

Total Weight Change

Engineering Tab Block

MEW

OEW

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

(SEE NOTE 1)

(SEE NOTE 1)

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

(SEE NOTE 1)

(SEE NOTE 1)

NOTE 1: Weight change data was not completed at the time of signing this Change Order. Weights will be provided to Buyer not later than 30 days after the date of execution of this Change Order.

Total Price Change

Engineering Tab Block

Total Price Per Aircraft
[*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]

6-1162-MDH-638

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

Subject: Letter Agreement No. 6-1162-MDH-638 to
Purchase Agreement No. 1485 -
[*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT]

Reference is made to Purchase Agreement No. 1485 dated October
25, 1988, between The Boeing Company {Boeing} and United Air
Lines, Inc. {Buyer} {the Purchase Agreement} relating to the sale
by Boeing and the purchase by Buyer of Model 757-222 aircraft
{the Aircraft}.

All terms used herein and in the Purchase Agreement, and not
defined herein, shall have the same meaning as in the Purchase
Agreement.

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

United Air Lines, Inc.
6-1162-MDH-638 Page 2

Boeing and Buyer will maintain a [*CONFIDENTIAL MATERIAL
OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is
set forth in Attachment A to this Letter Agreement.

b. Credit Memorandum.

Within ten {10} days of the date of signing of this Letter
Agreement Boeing shall issue to Buyer a credit memorandum for the
Aircraft scheduled for delivery to Buyer [*CONFIDENTIAL MATERIAL
OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
Boeing shall transfer the amount of such Credit Memorandum to a
bank designated in writing by Buyer.

At the time of delivery of the Aircraft scheduled for delivery
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT].

On or before March 31, 1999, [*CONFIDENTIAL MATERIAL OMITTED
AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

United Air Lines, Inc.
6-1162-MDH-638 Page 3

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

United Air Lines, Inc.
6-1162-MDH-638 Page 4

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

Very truly yours,

THE BOEING COMPANY

By /s/ M.D. Hurt

Its Attorney-in-Fact

ACCEPTED AND AGREED TO this

Date: January 5, 1998

UNITED AIR LINES, INC.

By /s/ Douglas A. Hacker

Douglas A. Hacker
Its Senior Vice President and

Chief Financial Officer

Attachment A to
6-1162-MDH-638 Page 1

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

United Air Lines, Inc.
6-1162-MDH-638 Page 2

United Air Lines, Inc.
6-1162-MDH-638 Page 3

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

Subject: Letter Agreement No. 6-1162-MDH-657 to
Purchase Agreement No. 1485 -
[*CONFIDENTIAL MATERIAL OMITTED AND
FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO
A REQUEST FOR CONFIDENTIAL TREATMENT] -
Additional Matters

Reference is made to Purchase Agreement No. 1485 dated October
25, 1988, between The Boeing Company (Boeing) and United Air
Lines, Inc. (Buyer) relating to the sale by Boeing and the
purchase by Buyer of Model 757-222 aircraft (the Purchase
Agreement). Further reference is made to Letter Agreement No. 6-
1162-MDH-517 dated July 22, 1997 to the Purchase Agreement {the
Letter Agreement}.

All terms used herein and in the Purchase Agreement, and not
defined herein, shall have the same meaning as in the Purchase
Agreement.

The Letter Agreement sets forth the terms and conditions under
which Buyer [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST
FOR CONFIDENTIAL TREATMENT]. Boeing and Buyer acknowledge the
delivery of the [*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT] as set forth in
Attachment B to the Letter Agreement, was a prerequisite to Buyer
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT].

Notwithstanding the provision covered in the Letter Agreement,
the parties agree that, [*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT].

United Air Lines, Inc.
6-1161-MDH-657
Page 2

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

Very truly yours,

THE BOEING COMPANY

By /s/ Brian R. Belka

Its _____

ACCEPTED AND AGREED TO this

Date: September 29, 1998

UNITED AIR LINES, INC.

By /s/ Douglas A. Hacker

Douglas A. Hacker

Its Senior Vice President and

Chief Financial Officer

6-1162-MDH-668

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

Subject: Delivery Delay Resolution Program

Reference: Purchase Agreement No. 1485 (the 757 Purchase Agreement) between Boeing and Buyer relating to Model 757-222 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Revised Delivery of Aircraft.

Boeing has found it necessary to reschedule the delivery month of certain Aircraft (the Delayed Aircraft) as set forth below:

Original Schedule Month -----	Revised Schedule Month -----
October 1997	November 1997
January 1998	February 1998
February 1998	March 1998
December 1998	January 1999

Boeing shall deliver each Delayed Aircraft in accordance with the terms of the Purchase Agreement during [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The calendar interval between the original schedule and revised schedule described above is the "Delay Period."

P.A. 1485

UNITED AIR LINES, INC.
6-1162-MDH-668 Page 2

Boeing has not yet established its final production plan for all potentially impacted Aircraft or Delayed Aircraft. To the extent that additional delivery schedule revisions are required, the terms and conditions (including, if agreed, appropriate adjustment to advance payment schedules and the Pool (as defined below)) relating to such additional delivery schedule revisions shall be [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Aircraft Purchase Price.

The Purchase Price for the Delayed Aircraft, including the Airframe and Engine Price Adjustment Due to Economic Fluctuation set forth in the applicable Exhibit D to the Purchase Agreement, shall be calculated in accordance with the Purchase Agreement [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Adjusted Advance Payments Schedule for Aircraft, Delayed Aircraft and Other Undelivered 747, 767 and 777 Aircraft.

3.1 Dollar-Day Pool.

It is understood and agreed the advance payment schedules for the Delayed Aircraft specified payment earlier than required for a delivery on the revised schedule. Therefore, Boeing will establish a "Dollar-Day Pool" which may be used by Buyer to

revise the advance payment schedules for Aircraft, Delayed Aircraft or other undelivered 747, 767 or 777 aircraft ordered in other purchase agreements in effect between Boeing and Buyer to the extent necessary to adjust for early payments for the Delayed Aircraft. As shown in Attachment A to this Letter Agreement, the Dollar-Day Pool amount has been determined by multiplying the dollar amount of each advance payment made by Buyer for the Delayed Aircraft, times the number of days the advance payment was made early, due to delay rescheduling. Subject to the provisions below, Buyer may draw from the Pool [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] to defer advance payments for Aircraft, Delayed Aircraft or other undelivered 747, 767 or 777 aircraft ordered in other purchase agreements in effect between Boeing and Buyer, but may not utilize the Pool to defer final payment of the purchase price for any aircraft.

P.A. 1485

UNITED AIR LINES, INC.
6-1162-MDH-668 Page 3

3.2 Notification Requirements.

Buyer shall notify Boeing of its utilization of the Pool upon each such occurrence, and provide a calculation of the Dollar-Day Pool reduction resulting from such utilization. Within five days of receipt of Buyer's notification, Boeing will provide their concurrence with such calculation or otherwise advise Buyer of their finding.

3.3 Pool Termination.

Buyer shall exhaust the Pool contents prior to [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Any Dollar-Day amounts remaining in the Pool as of that date will be allocated by Boeing at its sole discretion to Aircraft, Delayed Aircraft or other undelivered 747, 767 or 777 aircraft ordered in other purchase agreements in effect between Boeing and Buyer, and the Pool shall be terminated.

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

4.1 Undelivered Delayed Aircraft.

Boeing will pay to Buyer on the date of delivery the settlement amount calculated from the table provided in Attachment B hereto for each day of delay, beginning with the [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for delivery of each such Delayed Aircraft. The settlement amount, so calculated (the Monetary Adjustment), will be provided to Buyer [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.2 Delivered Delayed Aircraft.

For Delayed Aircraft that have been delivered prior to execution of this Letter Agreement, Boeing will issue such Monetary Adjustment [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. 1485

UNITED AIR LINES, INC.
6-1162-MDH-668 Page 4

4.3 Further Delays.

In the event that delivery of any Delayed Aircraft is further delayed beyond the Revised Schedule Month shown above,

the Monetary Adjustment provided for such further delay period shall be [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Advance Payment Credit Memorandum.

Boeing and Buyer agree advance payments for the Delayed Aircraft will be paid by Buyer to Boeing in accordance with the Adjusted Advance Payment Schedules. Notwithstanding such payment Boeing and Buyer agree for purposes of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] the advance payments originally due to be paid by Buyer to Boeing for a Delayed Aircraft prior to the rescheduling of delivery months as provided in this Letter Agreement shall be deemed to have been paid by Buyer and received by Boeing in accordance with [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. Purchase Agreement Revision.

6.1 Liquidated Damages and Rights of Termination.

With respect to the Delayed Aircraft set forth in paragraph 1. Revised Delivery of Aircraft above, this letter Agreement cancels and supersedes Letter Agreement 6-1162-GKW-142 to Purchase Agreement No. 1485 entitled "Liquidated Damages and Rights of Termination", [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.2 Other Rights and Obligations.

Except as specifically set forth in this Letter Agreement, the rights and obligations of the parties under the terms and conditions of the Purchase Agreement, including the provisions of Article 6, Excusable Delay, remain in full force and effect.

P.A. 1485

UNITED AIR LINES, INC.
6-1162-MDH-668 Page 5

7. EXCLUSIVE REMEDY

THE OBLIGATIONS OF BOEING EXPRESSLY SET FORTH IN THIS LETTER AGREEMENT ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF BUYER AGAINST BOEING, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE WITH RESPECT TO THE [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] AIRCRAFT. BOEING'S PERFORMANCE OF ITS OBLIGATIONS HEREUNDER SHALL CONSTITUTE FULL AND FINAL SETTLEMENT AND SATISFACTION OF ALL CLAIMS OR CAUSES OF ACTION OF BUYER AGAINST BOEING RELATING TO THE [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] AIRCRAFT AND WILL BE REFLECTED IN A REDUCED INVOICE AMOUNT, CREDIT MEMORANDUM, OR WIRE TRANSFER.

8. 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

P.A. 1485

UNITED AIR LINES, INC.
6-1161-MDH-668 Page 6

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.

Very truly yours,

ACCEPTED AND AGREED TO
Date: September 29, 1998

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/ Douglas A. Hacker

Douglas A. Hacker

Its Attorney-in-Fact

Its Senior Vice President and

Chief Financial Officer

P.A. 1485

Attachment A to Letter Agreement 6-1162-MDH-668

UNITED AIR LINES, INC.
MONETARY ADJUSTMENT FOR DELIVERY DELAY - PA 1485

October-97 REVISED TO November-97

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

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	DOLLAR \$ DAY
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

January-98 REVISED TO February-98

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

MO. PRIOR	REVISED	#	DOLLAR
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TO DEL.	DATE	DEFERRED	PAID	DAYS	\$	DAY
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

February-98 REVISED TO March-98

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

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

December-98 REVISED TO January-99

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

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TOTAL DOLLAR DAY

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

Attachment B to
 Letter Agreement No. 6-1162-MDH-668
 Purchase Agreement No. 1485

COMPENSATION TABLE

The following table identifies the daily amount Boeing is required to pay in settlement to compensate Buyer for the delayed deliveries.

Delayed Aircraft

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES

Original Scheduled Month of Delivery	Revised Scheduled Month of Delivery	AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	Daily Amount
---	--	--	-----------------

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

P.A. 1485

6-1162-BRB-132

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

Subject: Letter Agreement No. 6-1162-BRB-132
[*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Reference is made to Purchase Agreement No. 1670 dated December 18, 1990, between The Boeing Company (Boeing), and United Air Lines, Inc. (Buyer), relating to the sale by Boeing and the purchase by Buyer of Model 747-422 aircraft (hereinafter referred to as the 747 Aircraft) and Purchase Agreement No. 2066 dated September 22, 1997, between Boeing and Buyer relating to the sale by Boeing and the purchase by Buyer of Model 767-322 (De-Rated 322ER) Aircraft (hereinafter referred to as the 767 Aircraft).

This letter, when accepted by Buyer, will evidence our further agreement with respect to the matters set forth below.

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

Boeing and Buyer agree that certain [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for which Boeing has proposed and Buyer is reviewing certain terms of resolution. Such terms include but are not limited to, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

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

United Air Lines, Inc.
6-1162-BRB-132 Page 2

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

To accommodate certain Buyer [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] requirements, Buyer has requested and Boeing has agreed to [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

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

Boeing and Buyer agree that the [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] accordingly. Therefore, it is further agreed that, with respect to each 747 Aircraft and 767 Aircraft identified:

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

5. 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

United Air Lines, Inc.
6-1161-BRB-132 Page 3

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 your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

ACCEPTED AND AGREED TO:

Date: August 10, 1998

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/ Douglas A. Hacker

Douglas A. Hacker

Its Attorney-in-Fact

Its Senior Vice President and

Chief Financial Officer

6-1162-MDH-666

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

Subject: Delivery Delay Resolution Program

Reference: Purchase Agreement No. 1670 (the Purchase Agreement) between The Boeing Company (Boeing) and United Air Lines, Inc. (Buyer) relating to Model 747-422 aircraft (the Aircraft)

This Letter Agreement amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Revised Delivery of Aircraft

Boeing has found it necessary to reschedule the delivery month of certain Aircraft (the Delayed aircraft) as set forth below:

Original Schedule Month -----	Revised Schedule Month -----
December 1997	January 1998
June 1998	August 1998
June 1998	August 1998
September 1998	November 1998
November 1998	December 1998
January 1999	February 1999
March 1999	April 1999

Boeing shall deliver each Delayed Aircraft in accordance with the terms of the Purchase Agreement during [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The calendar interval between the original schedule and revised schedule described above is the "Delay Period."

P.A. 1670

UNITED AIR LINES, INC.
6-1162-MDH-666 Page 2

Boeing has not yet established its final production plan for all potentially impacted Aircraft or Delayed Aircraft. To the extent that additional delivery schedule revisions are required, the terms and conditions (including, if agreed, appropriate adjustment to advance payment schedules and the Pool (as defined below)) relating to such additional delivery schedule revisions shall be [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Aircraft Purchase Price.

The Purchase Price for the Delayed Aircraft, including the Airframe and Engine Price Adjustment Due to Economic Fluctuation set forth in the applicable Exhibit D to the Purchase Agreement, shall be calculated in accordance with the Purchase Agreement [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Adjusted Advance Payments Schedule for Aircraft, Delayed Aircraft and Other Undelivered 757, 767 and 777 Aircraft.

3.1 Dollar-Day Pool.

It is understood and agreed the advance payment schedules

for the Delayed Aircraft specified payment earlier than required for a delivery on the revised schedule. Therefore, Boeing will establish a "Dollar-Day Pool" which may be used by Buyer to revise the advance payment schedules for Aircraft, Delayed Aircraft or other undelivered 757, 767 or 777 aircraft ordered in other purchase agreements in effect between Boeing and Buyer to the extent necessary to adjust for early payments for the Delayed Aircraft. As shown in Attachment A to this Letter Agreement, the Dollar-Day Pool amount has been determined by multiplying the dollar amount of each advance payment made by Buyer for the Delayed Aircraft, times the number of days the advance payment was made early, due to delay rescheduling. Subject to the provisions below, Buyer may draw from the Pool [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] to defer advance payments for Aircraft, Delayed Aircraft or other undelivered 757, 767 or 777 aircraft ordered in other purchase agreements in effect between Boeing and Buyer, but may not utilize the Pool to defer final payment of the purchase price for any aircraft.

P.A. 1670

UNITED AIR LINES, INC.
6-1162-MDH-666 Page 3

3.2 Notification Requirements.

Buyer shall notify Boeing of its utilization of the Pool upon each such occurrence, and provide a calculation of the Dollar-Day Pool reduction resulting from such utilization. Within five days of receipt of Buyer's notification, Boeing will provide their concurrence with such calculation or otherwise advise Buyer of their finding.

3.3 Pool Termination.

Buyer shall exhaust the Pool contents prior to [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Any Dollar-Day amounts remaining in the Pool as of that date will be allocated by Boeing at its sole discretion to Aircraft, Delayed Aircraft or other undelivered 757, 767 or 777 aircraft ordered in other purchase agreements in effect between Boeing and Buyer, and the Pool shall be terminated.

4. Monetary Adjustment for Delivery Delay.

4.1 Undelivered Delayed Aircraft.

Boeing will pay to Buyer on the date of delivery the settlement amount calculated from the table provided in Attachment B hereto for each day of delay, beginning with the [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for delivery of each such Delayed Aircraft. The settlement amount, so calculated (the Monetary Adjustment), will be provided to Buyer [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.2 Delivered Delayed Aircraft.

For Delayed Aircraft that have been delivered prior to execution of this Letter Agreement, Boeing will issue such Monetary Adjustment [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. 1670

UNITED AIR LINES, INC.
6-1162-MDH-666 Page 4

4.3 Further Delays.

In the event that delivery of any Delayed Aircraft is further delayed beyond the Revised Schedule Month shown above, the Monetary Adjustment provided for such further delay period shall be [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Advance Payment Credit Memorandum.

Boeing and Buyer agree advance payments for the Delayed Aircraft will be paid by Buyer to Boeing in accordance with the Adjusted Advance Payment Schedules. Notwithstanding such payment, Boeing and Buyer agree for purposes of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], the advance payments originally due to be paid by Buyer to Boeing for a Delayed Aircraft prior to the rescheduling of delivery months as provided in this Letter Agreement shall be deemed to have been paid by Buyer and received by Boeing in accordance with [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. Purchase Agreement Revision.

6.1 Liquidated Damages and Rights of Termination.

With respect to the Delayed Aircraft set forth in paragraph 1 Revised Delivery of Aircraft above, this Letter Agreement cancels and supersedes Letter Agreement 6-1162-DLJ-888 to Purchase Agreement No. 1670 entitled "Liquidated Damages and Rights of Termination", [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.2 Other Rights and Obligations.

Except as specifically set forth in this Letter Agreement, the rights and obligations of the parties under the terms and conditions of the Purchase Agreement, including the provisions of Article 6, Excusable Delay, remain in full force and effect.

P.A. 1670

UNITED AIR LINES, INC.
6-1162-MDH-666 Page 5

7. EXCLUSIVE REMEDY.

THE OBLIGATIONS OF BOEING EXPRESSLY SET FORTH IN THIS LETTER AGREEMENT ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF BUYER AGAINST BOEING, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE WITH RESPECT TO THE [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] AIRCRAFT. BOEING'S PERFORMANCE OF ITS OBLIGATIONS HEREUNDER SHALL CONSTITUTE FULL AND FINAL SETTLEMENT AND SATISFACTION OF ALL CLAIMS OR CAUSES OF ACTION OF BUYER AGAINST BOEING RELATING TO THE [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] AIRCRAFT AND WILL BE REFLECTED IN [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8. 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

P.A. 1670

UNITED AIR LINES, INC.
6-1162-MDH-666 Page 6

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.

Very truly yours,

ACCEPTED AND AGREED TO:

Date: September 29, 1998

THE BOEING COMPANY

UNITED AIR LINES, INC.

By /s/ Brian R. Belka

By /s/Douglas A. Hacker

Douglas A. Hacker

Its Attorney-in-Fact

Its Senior Vice President and

Chief Financial Officer

P.A. 1670

Attachment A to Letter Agreement 6-1162-MDH-666
Page 1

UNITED AIR LINES, INC.
MONETARY ADJUSTMENT FOR DELIVERY DELAY - PA 1670

December-97 REVISED TO January-98

[*CONFIDENTIAL
MATERIAL
OMITTED
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AND EXCHANGE
COMMISSION
PURSUANT
TO A REQUEST
FOR
CONFIDENTIAL
TREATMENT]

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY

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

June-98 REVISED TO August-98

[*CONFIDENTIAL
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AND FILED
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WITH THE
SECURITIES

AND EXCHANGE
COMMISSION
PURSUANT
TO A REQUEST
FOR
CONFIDENTIAL
TREATMENT]

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY
----------------------	------	---------------------	------	-----------	----	---------------

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

June-98 REVISED TO August-98

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

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Attachment A to Letter Agreement 6-1162-MDH-666

Page 2

UNITED AIR LINES, INC.
MONETARY ADJUSTMENT FOR DELIVERY DELAY - PA 1670

September-98 REVISED TO November-98

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

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY
----------------------	------	---------------------	------	-----------	----	---------------

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

November-98 REVISED TO December-98

[*CONFIDENTIAL
MATERIAL
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SEPARATELY
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AND EXCHANGE
COMMISSION
PURSUANT
TO A REQUEST
FOR
CONFIDENTIAL
TREATMENT]

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

January-99 REVISED TO February-99

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

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Attachment A to Letter Agreement 6-1162-MDH-666
Page 3

UNITED AIR LINES, INC.
MONETARY ADJUSTMENT FOR DELIVERY DELAY - PA 1670

March-99 REVISED TO April-99

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

MO. PRIOR TO DEL.	DATE	REVISED DEFERRED	PAID	# DAYS	\$	DOLLAR DAY
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TOTAL DOLLAR DAY

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

Attachment B to
Letter Agreement No. 6-1162-MDH-666
Purchase Agreement No. 1670

COMPENSATION TABLE

The following table identifies the daily amount Boeing is required to pay in settlement to compensate Buyer for the delayed

deliveries.

Delayed Aircraft

Original Scheduled Month of Delivery -----	Revised Scheduled Month of Delivery -----	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	Daily Amount -----
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

P.A. 1670

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Year Ended December 31				
	1998	1997	1996	1995	1994
	-----	-----	-----	-----	-----
Earnings:					
	(In Millions)				
Earnings before income taxes and extraordinary item	\$1,256	\$1,524	\$ 970	\$ 621	\$ 171
Undistributed earnings of affiliate	(62)	(16)	(49)	(38)	(19)
Fixed charges, from below	986	991	1,112	1,239	1,052
Interest capitalized	(105)	(104)	(77)	(42)	(41)
	-----	-----	-----	-----	-----
Earnings	\$2,075	\$2,395	\$1,956	\$1,780	\$1,163
	=====	=====	=====	=====	=====
Fixed charges:					
Interest expense	\$ 355	\$ 286	\$ 295	\$ 399	\$ 372
Portion of rental expense representative of the interest factor	631	705	817	840	680
	-----	-----	-----	-----	-----
Fixed charges	\$ 986	\$ 991	\$1,112	\$1,239	\$1,052
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges	2.10	2.42	1.76	1.44	1.10
	=====	=====	=====	=====	=====

Exhibit 12.2

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

and Preferred Stock Dividend Requirements

	Year Ended December 31				
	1998	1997	1996	1995	1994
	-----	-----	-----	-----	-----
Earnings:	(In Millions)				
Earnings before income taxes and extraordinary item	\$1,256	\$1,524	\$ 970	\$ 621	\$ 171
Undistributed earnings of affiliate	(62)	(16)	(49)	(38)	(19)
Fixed charges and preferred stock dividend requirements, from below	1,150	1,116	1,209	1,326	1,184
Interest capitalized	(105)	(104)	(77)	(42)	(41)
	-----	-----	-----	-----	-----
Earnings	\$2,239	\$2,520	\$2,053	\$1,867	\$1,295
	=====	=====	=====	=====	=====
Fixed charges:					
Interest expense	\$ 355	\$ 286	\$ 295	\$ 399	\$ 372
Preferred stock dividend requirements	164	125	97	87	132
Portion of rental expense representative of the interest factor	631	705	817	840	680
	-----	-----	-----	-----	-----
Fixed charges	\$1,150	\$1,116	\$1,209	\$1,326	\$1,184
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges	1.95	2.26	1.70	1.41	1.09
	=====	=====	=====	=====	=====

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in the UAL Corporation Form 10-K for the year ended December 31, 1998, into the Company's previously filed Post-Effective Amendment No. 1 to Form S-8 (File No. 2-67368) and Post-Effective Amendment No. 2 to Form S-8 (File No. 33-37613) for the Employees' Stock Purchase Plan of UAL Corporation; Post-Effective Amendment No. 1 to Form S-8 (File No. 33-38613) and Form S-8 (File No. 333-63185) for the United Air Lines, Inc. Management and Salaried Employees' 401(k) Retirement Savings Plan; Post-Effective Amendment No. 1 to Form S-8 (File No. 33-44552), Form S-8 (File No. 33-57331), Form S-8 (File No. 333-03041) and Form S-8 (File No. 333-63181) for the United Air Lines, Inc. Ground Employees' 401(k) Retirement Savings Plan; Post-Effective Amendment No. 1 to Form S-8 (File No. 33-44553), Form S-8 (File No. 33-62749), Form S-8 (File No. 333-52249) and Form S-8 (File No. 333-63179) for the United Air Lines, Inc. Flight Attendant Employees' 401(k) Retirement Savings Plan; Post-Effective Amendment No. 1 to Form S-8 (File No. 33-59950) and Form S-8 (File No. 333-03039) for the United Air Lines, Inc. Pilots' Directed Account Retirement Income Plan; Post-Effective Amendment No. 2 to Form S-8 (File No. 33-41968), Form S-8 (File No. 33-10206), Form S-8 (File No. 33-61007), Form S-8 (File No. 333-03043) for the UAL Corporation 1981 Incentive Stock Plan; and Form S-8 and Post-Effective Amendment No. 1 to Form S-8 (File No. 33-60675) for Directors Fees Taken in Stock Under UAL Corporation 1995 Directors Plan; and Form S-3 (File No. 33-57192), as amended.

/s/ Arthur Andersen LLP

Arthur Andersen LLP

Chicago, Illinois
March 15, 1999

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1998 AND STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

	DEC-31-1998	
	JAN-01-1998	
	DEC-31-1998	
	12-MOS	390
		425
		1,138
		22
		384
	2,908	18,827
	5,773	
	18,559	
5,668		4,971
100		0
		1
		3,280
18,559		0
	17,561	0
		0
	16,083	
	0	
	0	
	355	
	1,256	
		429
821		0
		0
		0
		821
		12.71
		6.83

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the

Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 1998

Employees' Stock Purchase Plan of UAL Corporation

(Full title of the Plan)

UAL Corporation

(Employer sponsoring the Plan, issuer of the
participations in the Plan and issuer of
the shares held pursuant to the Plan)

1200 Algonquin Road, Elk Grove Township, Illinois
Mailing Address:

UAL Corporation, P.O.Box 66919, Chicago, Illinois 60666

(Address of principal executive offices)

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To UAL Corporation:

We have audited the accompanying statements of financial position of the Employees' Stock Purchase Plan of UAL Corporation (the "Plan") as of December 31, 1998 and 1997 and the related statements of changes in participants' equity for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's administrator, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 1998 and 1997 and the changes in

its participants' equity for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois
March 15, 1999

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the sponsor and issuer of the participants of the Plan, UAL Corporation has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

UAL Corporation
Administrator

Dated March 12, 1999

By /s/ Douglas A. Hacker

Douglas A. Hacker
Senior Vice President and
Chief Financial Officer

EMPLOYEES' STOCK PURCHASE PLAN

OF UAL CORPORATION

STATEMENTS OF FINANCIAL POSITION

(In Thousands, Except Number of Shares)

	December 31	
	1998	1997
	----	----
ASSETS		
Participants' payroll deductions receivable from UAL Corporation	\$ 369	\$ 684
Investment in common stock of UAL Corporation, at quoted market value (1998 - 528,112 shares, cost \$21,208; 1997 - 506,971 shares, cost \$17,283).	31,522	46,895
	-----	-----
	\$ 31,891	\$ 47,579
	=====	=====

LIABILITIES AND PARTICIPANTS' EQUITY

Payable to terminating and partially
withdrawing participants, at
quoted market value (1998 - 6,172
shares, cost \$ 368; 1997 - 170

shares, cost \$ 16).	\$	368	\$	16
Participants' equity		31,523		47,563
		-----		-----
	\$	31,891	\$	47,579
		=====		=====

The accompanying notes to financial statements are an integral part of these statements.

EMPLOYEES' STOCK PURCHASE PLAN

OF UAL CORPORATION

STATEMENTS OF CHANGES IN PARTICIPANTS' EQUITY

(In Thousands)

	Year Ended December 31		
	1998	1997	1996
	----	----	----
Balance at beginning of year	\$ 47,563	\$ 32,247	\$ 22,146
Increase (decrease) during year:			
Participants' payroll deductions	5,810	5,576	3,849
Realized gain on stock distributed to participants	150	3,682	1,312
Unrealized appreciation (depreciation) in value of investment	(19,298)	11,501	8,086
Stock and cash for fractional shares distributed or amounts payable to participants, at market value	(2,702)	(5,443)	(3,146)
	-----	-----	-----
	(16,040)	15,316	10,101
	=====	=====	=====
Balance at end of year	\$ 31,523	\$ 47,563	\$ 32,247
	=====	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

EMPLOYEES' STOCK PURCHASE PLAN

OF UAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

(1) The Plan

The Employees' Stock Purchase Plan of UAL Corporation (the "Plan") is sponsored by UAL Corporation ("UAL"). UAL offers participation in the Plan to eligible employees of UAL and its subsidiaries.

(2) Purchase and Distribution of Stock

Purchases are made by the Plan monthly, and the shares purchased are credited to the accounts of each participant on the basis of the ratio of the participant's contribution to total participants' contributions for the month. The cost of common stock purchased for the Plan includes all brokerage charges involved in the purchase.

When shares of stock are distributed to the individual participants pursuant to the terms of the Plan, the market value of such shares is removed from the investment account of the Plan.

Terminating participants receive a certificate for the full number of shares, plus cash for the fractional shares, held for their accounts. Partially withdrawing participants receive certificates for the full number of shares withdrawn. There are

no forfeiture provisions under the Plan with respect to participants' contributions.

(3) Investment in Common Stock of UAL

The investment in common stock of UAL is valued at the year-end published market prices as reported by the New York Stock Exchange.

(4) Realized Gain on Stock Distributed to Participants

Gains on stock distributed to participants are realized to the extent of the difference between the weighted average cost of shares distributed and the market value at the date of distribution.

(5) Unrealized Appreciation (Depreciation) in Value of Investment

The unrealized appreciation (depreciation) in the value of investment is the change from the prior year-end to the current year-end in the difference between the market value and the cost of the investment.

The following is a summary of unrealized appreciation (depreciation):

	1998	1997	1996
	----	----	----
	(In Thousands)		
Balance at beginning of year	\$ 29,612	\$ 18,111	\$ 10,025
Increase (decrease) during year	(19,298)	11,501	8,086
Balance at end of year	\$ 10,314	\$ 29,612	\$ 18,111
	=====	=====	=====

(6) Administrative Expenses of the Plan

All administrative expenses of the Plan are paid by UAL.

(7) Federal Income Tax

Under existing federal income tax laws, the Plan is not subject to federal income tax. Any dividend income is taxable to the participants upon distribution and receipt. When any shares of stock or rights acquired under the Plan are sold by or for a participant, any gain or loss must be recognized by that participant.

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in Exhibit 99 of the UAL Corporation Form 10-K for the year ended December 31, 1998, into the Company's previously filed Post-Effective Amendment No. 1 to Form S-8 (File No. 2-67368) and Post-Effective Amendment No. 2 to Form S-8 (File No. 33-37613) for the Employees' Stock Purchase Plan of UAL Corporation.

/s/ Arthur Andersen LLP

Arthur Andersen LLP

Chicago, Illinois
March 15, 1999