

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 November 30, 1996

Commission File No. 1 - 6033

United Air Lines, Inc.  
Flight Attendant Employees' 401(k) Retirement Savings Plan  
(Full title of the Plan)

United Air Lines, Inc.  
(Employer sponsoring the Plan)

UAL Corporation  
(Issuer of the shares held pursuant to the Plan)

1200 Algonquin Road, Elk Grove Township, Illinois  
Mailing Address:  
P.O. Box 66100, Chicago, Illinois 60666  
(Address of principal executive offices)

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors  
of United Air Lines, Inc.:

We have audited the accompanying statement of net assets available for plan benefits of the United Air Lines, Inc. Flight Attendant Employees' 401(k) Retirement Savings Plan as of November 30, 1996 and 1995, and the related statement of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan 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 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 net assets available for plan benefits of the United Air Lines, Inc. Flight Attendant Employees' 401(k) Retirement Savings Plan as of November 30, 1996 and 1995, and the changes in its net assets

available for plan benefits for the years then ended in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois  
May 23, 1997

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the United Air Lines, Inc. Pension and Welfare Plans Administration Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

United Air Lines, Inc.  
Flight Attendant Employees'  
401(k) Retirement Savings Plan

By /s/ Douglas A. Hacker

Douglas A. Hacker  
Member, United Air  
Lines, Inc. Pension  
and Welfare Plans  
Administration Committee

Dated May 28, 1997

UNITED AIR LINES, INC.  
FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
(In Thousands)

	November 30	
	1996	1995
INVESTMENT IN MASTER TRUST		
Magellan Fund	\$ 24,337	\$ 17,091
Equity-Income Fund	13,650	4,631
Growth Company Fund	99,574	68,308
Government Securities Fund	1,059	261
OTC Portfolio	15,236	6,051
Overseas Fund	36,521	26,565
Balanced Fund	31,972	27,962
Asset Manager	3,606	2,157
Asset Manager: Growth	6,362	3,407
Asset Manager: Income	383	331
Retirement Money Market Portfolio	3,656	1,120
U.S. Bond Index Portfolio	742	352

U. S. Equity Index Portfolio	89,866	66,960
Stated Return Fund	138,477	145,925
Blended Income Fund	36,888	33,301
UAL Stock Fund	14,356	5,614
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$516,685	\$410,036

The accompanying notes to financial statements are an integral part of these statements.

UNITED AIR LINES, INC.  
FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
(In Thousands)

	Year ended November 30 1996			
	MAGELLAN FUND	EQUITY- INCOME FUND	GROWTH COMPANY FUND	GOVERNMENT SECURITIES FUND
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	\$17,091	\$ 4,631	\$68,308	\$ 261
CONTRIBUTIONS	5,576	1,893	13,270	106
TRANSFERS BETWEEN FUNDS	(576)	5,355	4,758	664
TRANSFERS BETWEEN PLANS	1	-	(21)	-
RESULTS OF INVESTMENT ACTIVITY				
Dividends	4,364	422	3,512	27
Interest	-	-	-	-
Net appreciation (depreciation) in value of investments	(1,604) 2,760	1,653 2,075	11,748 15,260	6 33
PAYMENTS TO PLAN PARTICIPANTS	(513)	(300)	(1,991)	(5)
ADMINISTRATIVE EXPENSES	(2)	(4)	(10)	-
NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$24,337	\$13,650	\$99,574	\$ 1,059

The accompanying notes to financial statements are an integral part of these statements.

UNITED AIR LINES, INC.  
FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
(In Thousands)

Year ended November 30  
1996

	OTC PORTFOLIO	OVERSEAS FUND	BALANCED FUND	ASSET MANAGER
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	\$ 6,051	\$26,565	\$27,962	2,157
CONTRIBUTIONS	2,165	5,782	5,133	717
TRANSFERS BETWEEN FUNDS	4,877	394	(3,663)	311
TRANSFERS BETWEEN PLANS	-	-	(1)	-
RESULTS OF INVESTMENT ACTIVITY				
Dividends	1,249	637	1,290	96
Interest	(1)	1	1	-
Net appreciation (depreciation) in value of investments	1,120 2,368	4,017 4,655	2,170 3,461	382 478
PAYMENTS TO PLAN PARTICIPANTS	(225)	(874)	(911)	(56)
ADMINISTRATIVE EXPENSES	-	(1)	(9)	(1)
NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$15,236	\$36,521	\$31,972	\$ 3,606

The accompanying notes to financial statements are an integral part of these statements.

UNITED AIR LINES, INC.

FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
(In Thousands)

Year ended November 30  
1996

	ASSET MANAGER: GROWTH	ASSET MANAGER: INCOME	RETIREMENT MONEY MARKET PORTFOLIO	US BOND INDEX PORTFOLIO	US EQUITY INDEX PORTFOLIO
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	\$ 3,407	\$ 331	\$ 1,120	\$ 352	\$66,960
CONTRIBUTIONS	1,290	109	420	144	4,065
TRANSFERS BETWEEN FUNDS	720	(59)	2,067	235	775
TRANSFERS BETWEEN PLANS	-	-	-	-	(1)
RESULTS OF INVESTMENT					

ACTIVITY					
Dividends	53	19	111	40	-
Interest	-	-	-	-	1
Net appreciation (depreciation) in value of investments	980	16	-	3	19,287
	1,033	35	111	43	19,288
PAYMENTS TO PLAN PARTICIPANTS	(86)	(33)	(61)	(32)	(1,217)
ADMINISTRATIVE EXPENSES	(2)	-	(1)	-	(4)
NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$ 6,362	\$ 383	\$ 3,656	\$ 742	\$89,866

The accompanying notes to financial statements are an integral part of these statements.

UNITED AIR LINES, INC.

FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
(In Thousands)

	Year ended November 30 1996			
	STATED RETURN FUND	BLENDED INCOME FUND	UAL STOCK FUND	TOTAL
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	\$145,925	\$33,301	\$ 5,614	\$410,036
CONTRIBUTIONS	(4)	8,417	2,001	51,084
TRANSFERS BETWEEN FUNDS	(15,289)	(5,948)	5,379	-
TRANSFERS BETWEEN PLANS	(18)	71	(30)	1
RESULTS OF INVESTMENT ACTIVITY				
Dividends	-	-	-	11,820
Interest	9,520	2,222	1	11,745
Net appreciation (depreciation) in value of investments	-	-	1,643	41,421
	9,520	2,222	1,644	64,986
PAYMENTS TO PLAN PARTICIPANTS	(1,642)	(1,096)	(251)	(9,293)
ADMINISTRATIVE EXPENSES	(15)	(79)	(1)	(129)
NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$138,477	\$36,888	\$14,356	\$516,685

The accompanying notes to financial statements are an integral

part of these statements.

UNITED AIR LINES, INC.  
 FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
 (In Thousands)

	Year ended November 30 1995			
	MAGELLAN FUND	EQUITY- INCOME FUND	GROWTH COMPANY FUND	GOVERNMENT SECURITIES FUND
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	\$ -	\$ -	\$37,475	\$ -
CONTRIBUTIONS	2,029	517	10,469	66
TRANSFERS BETWEEN FUNDS	13,610	3,617	3,706	173
TRANSFERS BETWEEN PLANS	-	-	(11)	-
RESULTS OF INVESTMENT ACTIVITY				
Dividends	16	48	1,382	11
Interest	-	-	-	-
Net appreciation in value of investments	1,484	478	15,996	17
	1,500	526	17,378	28
PAYMENTS TO PLAN PARTICIPANTS	(47)	(29)	(705)	(6)
ADMINISTRATIVE EXPENSES	(1)	-	(4)	-
NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$17,091	\$ 4,631	\$68,308	\$ 261

The accompanying notes to financial statements are an integral part of these statements.

UNITED AIR LINES, INC.  
 FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
 (In Thousands)

	Year ended November 30 1995			
	OTC PORTFOLIO	OVERSEAS FUND	BALANCED FUND	ASSET MANAGER
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	\$ -	\$26,223	\$24,310	\$ -
CONTRIBUTIONS	588	6,416	6,197	452

TRANSFERS BETWEEN FUNDS	4,846	(6,941)	(5,444)	1,516
TRANSFERS BETWEEN PLANS	-	(2)	3	-
RESULTS OF INVESTMENT ACTIVITY				
Dividends	82	446	1,052	24
Interest	-	-	-	-
Net appreciation in value of investments	540 622	860 1,306	2,251 3,303	181 205
PAYMENTS TO PLAN PARTICIPANTS	(5)	(435)	(403)	(16)
ADMINISTRATIVE EXPENSES	-	(2)	(4)	-
NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$ 6,051	\$26,565	\$27,962	\$ 2,157

The accompanying notes to financial statements are an integral part of these statements.

UNITED AIR LINES, INC.  
FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
(In Thousands)

Year ended November 30  
1995

	ASSET MANAGER: GROWTH	ASSET MANAGER: INCOME	RETIREMENT MONEY MARKET PORTFOLIO	US BOND INDEX PORTFOLIO	US EQUITY INDEX PORTFOLIO
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	\$ -	\$ -	\$ -	\$ -	\$48,083
CONTRIBUTIONS	796	52	216	72	3,316
TRANSFERS BETWEEN FUNDS	2,145	255	882	256	(1,797)
TRANSFERS BETWEEN PLANS	-	-	-	-	(2)
RESULTS OF INVESTMENT ACTIVITY					
Dividends	-	6	36	11	-
Interest	-	-	-	-	-
Net appreciation in value of investments	489 489	18 24	- 36	13 24	17,920 17,920
PAYMENTS TO PLAN PARTICIPANTS	(23)	-	(14)	-	(557)
ADMINISTRATIVE EXPENSES	-	-	-	-	(3)
NET ASSETS AVAILABLE FOR PLAN BENEFITS,					

end of year                    \$ 3,407    \$    331    \$ 1,120    \$    352    \$66,960

The accompanying notes to financial statements are an integral part of these statements.

UNITED AIR LINES, INC.  
 FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
 (In Thousands)

	Year ended November 30 1995			
	STATED RETURN FUND	BLENDED INCOME FUND	UAL STOCK FUND	TOTAL
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	\$150,149	\$27,881	\$ 1,487	\$315,608
CONTRIBUTIONS	-	9,064	991	41,241
TRANSFERS BETWEEN FUNDS	(12,430)	(5,039)	645	-
TRANSFERS BETWEEN PLANS	(24)	65	1	30
RESULTS OF INVESTMENT ACTIVITY				
Dividends	-	-	-	3,114
Interest	10,063	2,013	-	12,076
Net appreciation in value of investments	-	-	2,526	42,773
	10,063	2,013	2,526	57,963
PAYMENTS TO PLAN PARTICIPANTS	(1,823)	(656)	(36)	(4,755)
ADMINISTRATIVE EXPENSES	(10)	(27)	-	(51)
NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$145,925	\$33,301	\$ 5,614	\$410,036

The accompanying notes to financial statements are an integral part of these statements.

UNITED AIR LINES, INC.  
 FLIGHT ATTENDANT EMPLOYEES' 401(K) RETIREMENT SAVINGS PLAN  
 NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

This description is for general information purposes only. Participants should refer to their summary plan description and individual employee benefit statement for detailed benefit information.

a. General and Plan Participants



The United Air Lines, Inc. Flight Attendant Employees' 401 (k) Retirement Savings Plan ("Plan") covers all employees of United classified as flight attendants and who are members of the Association of Flight Attendants. Eligible employees are eligible to become participants on their date of hire. The Plan is contributory and is subject to the Employee Retirement Income Security Act of 1974, as amended.

b. Contributions and Vesting

Eligible employees may elect to contribute to the Plan, in multiples of 1%, any percentage of their covered earnings, up to 25% of each paycheck, subject to a maximum of \$9,500 in 1996 and 1997. Lower limits may apply to certain highly compensated participants if the Plan does not pass certain nondiscrimination tests required by law. Contributions and earnings are credited to separate accounts maintained for each participant. Participants are immediately vested in their employee contributions.

Participants may elect to invest in one or a combination of the investment funds described in note (1)(d). Additionally, they may subsequently change their contribution rate, redesignate the allocation of contributions or transfer existing balances among investment funds, subject to the limits set forth in the Plan.

Contributions include \$326,534 and \$279,848 for 1996 and 1995, respectively, which were transferred from other qualified plans as rollovers under Internal Revenue Code Sections 401(a) and 401(k).

c. Trustee and Recordkeeper

Fidelity Management Trust Company ("Fidelity") is the Plan Trustee and Fidelity Institutional Retirement Services Company is the recordkeeper of the Plan.

d. Master Trust Funds

Fidelity provides each participant with fifteen investment options: Fidelity Magellan Fund; Fidelity Equity-Income Fund; Fidelity Growth Company Fund; Fidelity Government Securities Fund; Fidelity OTC Portfolio; Fidelity Overseas Fund; Fidelity Balanced Fund; Fidelity Asset Manager; Fidelity Asset Manager: Growth; Fidelity Asset Manager: Income; Fidelity Retirement Money Market Portfolio; Fidelity U.S. Bond Index Portfolio; Fidelity U.S. Equity Index Portfolio; Blended Income Fund and the UAL Stock Fund. These funds are managed by Fidelity or Fidelity Investments (manager of Fidelity Mutual Funds). The investments represent the Plan's allocable share of the funds.

The Stated Return Fund is invested in Connecticut General's general portfolio. The investment in and interest earned on the Stated Return Fund are guaranteed against loss by Connecticut General. Interest is credited monthly to the participant's account and is net of administrative expenses. The rate of interest for any period of time is determined by Connecticut General and may be changed from time to time. Any such change will be declared in advance and will become effective as of the first day of the month immediately following the date the notice is given. The net rate for 1996 and 1995 was 7.00%. However, no further contributions can be made to this fund.

The Fidelity U.S. Equity Index Portfolio primarily invests in the common stocks of the companies that make up the S&P 500 Index. Assets are valued at market prices quoted on the New York Stock Exchange ("NYSE").

Assets in the UAL Stock Fund are invested in UAL Corporation common stock and are valued at market prices quoted on the NYSE. Participants may invest in the UAL

Stock Fund through direct earnings deferrals.

The Blended Income Fund includes investment contracts purchased by Fidelity from approved institutions that meet its stringent credit standards at the time of purchase. The fund may also include other high quality, income-oriented investments. The contracts held by the Blended Income Fund are fully benefit responsive, and accordingly, have been included in the financial statements at contract value. There are no reserves against contract value for credit risk of the contract issuers or otherwise. The fair value of the investment contracts at November 30, 1996 was \$37,353. The average yield for the year ending November 30, 1996 was approximately 6.6%. The crediting interest rate as of November 30, 1996 was approximately 6.3%. At November 30, 1995, the contract value of the investment contracts approximated the fair value.

The remaining investment options are public mutual funds traded on the NYSE. Portfolio securities and other assets are valued primarily on the basis of market quotations or, if quotations are not readily available, by a method which each fund's Board of Trustees believes accurately reflects fair value. Foreign securities are valued based on quotations from the primary market in which they are traded and are translated from the local currency into U.S. dollars using current exchange rates.

The Fidelity Magellan Fund invests primarily in securities of domestic, foreign, and multinational issuers in the form of common stocks, securities convertible into common stocks, and, occasionally, debt securities.

The Fidelity Equity-Income Fund invests primarily in income-producing equity securities, both domestic and foreign. It seeks to achieve income greater than that of the S&P 500.

The Fidelity Growth Company Fund invests in common stocks, securities convertible into common stocks, and, occasionally, debt obligations from companies viewed as having unusual opportunities to grow.

The Fidelity Government Securities Fund invests primarily in fully guaranteed U.S. government bonds with any maturity. The average maturity is approximately two to five years.

The Fidelity OTC Portfolio primarily invests in stocks traded in the "over-the counter" market, which involves the investment in securities of smaller, lesser-known companies.

The Fidelity Overseas Fund normally invests at least 65% of its total assets in common stock, securities convertible to common stock and debt instruments of foreign businesses and governments. Fidelity Investments expects to invest most of the assets in developed countries in these general geographic areas; the Americas (other than the United States), the Far East and Pacific Basin, and Western Europe.

The Fidelity Balanced Fund maintains a balance of high-yielding securities, including foreign and domestic stocks and bonds. At least 25% of the assets are invested in fixed-income senior securities. All bonds in the Fund's portfolio are rated BBB or better by Standard & Poor's Corporation, or Baa or better by Moody's Investors Service, Inc.

The Fidelity Asset Manager invests in stocks, bonds and short-term instruments in both domestic and foreign markets to achieve high total returns in the long run. The allocation between these three types of investments is generally 40%, 40%, and 20%, respectively, however it may vary between the following ranges: stocks - 10% to 60%; bonds - 20% to 60%; and short-term instruments - 0% to 70%.

The Fidelity Asset Manager: Growth: invests in stocks, bonds and short-term instruments in both domestic and foreign markets to achieve long term maximum total investment return. The allocation between these three types of investments is generally 65%, 30%, and 5%, respectively, however it may vary between the following ranges: stocks - 0% to 100%; bonds - 0% to 100%; and short-term instruments - 0% to 100%.

The Fidelity Asset Manager: Income: invests in stocks, bonds and short-term instruments in both domestic and foreign markets to achieve a high level of current income, and capital appreciation. The allocation between these three types of investments is generally 20%, 30%, and 50%, respectively, however it may vary between the following ranges: stocks - 0% to 35%; bonds - 20% to 45%; and short-term instruments - 20% to 80%.

The Fidelity Money Market Trust: Retirement Money Market Portfolio: invests in high quality, low risk domestic and foreign money market instruments, primarily short-term instruments with maturities of three months or less.

The Fidelity U.S. Bond Index Portfolio primarily invests in securities included in the Lehman Brothers Aggregate Bond Index in order to achieve comparable investment results.

Fidelity is authorized to engage in the lending of certain Plan assets. Securities lending is an investment management enhancement that utilizes the existing securities of the Funds to earn additional income. It involves the loan of securities to various approved brokers. In return for loaned securities, Fidelity receives collateral in the form of cash and U.S. government securities as a safeguard against possible default of any borrower on return of the loan. Each loan is collateralized to the extent of 100 percent of the market value of securities on loan. The collateral is marked-to-market on a daily basis to maintain the margin requirement.

On July 12, 1994, UAL Corporation underwent a recapitalization under Section 368(a)(1)(E) of the Internal Revenue Code of 1986, pursuant to which the shareholders engaged in a recapitalization exchange with UAL Corporation. Each share of Old Common Stock was exchanged for a package consisting of one half of a share of New Common Stock and \$84.81 in cash. The cash consideration received by the Trustee on behalf of Plan participants was used to purchase additional shares of New Common Stock or, at the direction of Plan participants, was transferred to other investment funds. Pursuant to the terms of the recapitalization, participants' direct earnings deferrals and fund transfers into the UAL Stock Fund were temporarily suspended from July 12, 1994 to August 4, 1994. On May 20, 1996 (with a May 6, 1996 record date), UAL Common Stock underwent a 4 for 1 stock split. Shares held in the UAL Stock Fund were adjusted accordingly.

#### e. Withdrawals

Withdrawals from the Plan may be made as follows, as applicable to the participant's eligibility, amount requested, and existing balances:

Participants who have separated from service (for reasons other than death) may elect payment in the form of a lump sum, periodic distributions, irregular partial distributions, or through the purchase of an annuity. Distributions may also be directly rolled over into an IRA or qualified plan.

Withdrawals of balances attributable to the United Air Lines, Inc. Flight Attendant Employees' Savings Plan or "the Prior Plan" are normally made in the form of a

single life annuity, if the participant is unmarried, or a 50% contingent annuity with the spouse as the contingent annuitant, if the participant is married. Spousal consent is required if the participant elects to take a distribution in the form of a lump sum payment, periodic distributions, or other forms of annuities. Withdrawals of balances from the 401(k) account may be made in the form of a lump sum, periodic distributions, irregular partial distributions, or through the purchase of an annuity other than a life annuity. Spousal consent is not required for distribution of 401(k) balances. Participants are able to defer the distribution of balances attributable to "the Prior Plan" and the 401(k) account until April 1 of the next calendar year after reaching age 70-1/2.

Distributions of accounts due to the death of a participant may be taken by the participant's beneficiary in the form of a lump sum payment or through the purchase of an annuity, subject to the limitations of Internal Revenue Code 401(a)(9). The participant's surviving spouse, if any, is automatically the beneficiary of the account, unless the spouse waives this right.

In-service withdrawals for participants who are actively employed or are absent due to reasons of illness, layoff, or approved leave of absence who maintain an employer-employee relationship with United Air Lines, Inc. are permitted as follows in lump sum form only:

- Discretionary withdrawals of post-tax contributions and earnings
- Hardship withdrawals from 401(k) account, subject to restrictions described in the Plan
- After reaching age 59-1/2, subject to certain requirements specified in the Plan, all or a portion of the participant's 401(k) account may be withdrawn
- Upon reaching age 70-1/2, minimum distributions required under Internal Revenue Code 401(a)(9) must be taken no later than April 1 following the calendar year that the participant has reached age 70-1/2. Effective January 1, 1997, active participants that have reached age 70-1/2 may choose to defer distribution.

If a participant's account has never exceeded \$3,500, total distribution of the account will be made in a lump sum payment upon termination of employment or death.

Generally, withdrawals are allocated pro-rata to the balances of each of the investment funds in the participant's account. Alternatively, the participant may specify which fund(s) that distribution is made from. Distributions from UAL Stock Fund, may be made in cash, or in whole shares of UAL Corporation common stock, with fractional shares distributed in cash. Certain restrictions on withdrawals may apply for participants domiciled in, or residents of, non-U.S. locations.

#### f. Plan Termination Provisions

If the Plan is terminated, all amounts credited to a participant's account at the time of termination shall be retained in the Trust and will be distributed in accordance with the normal distribution rules of the Plan.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Accounting

The financial statements are presented on the accrual basis.

b. Investments

Assets of United's 401(k) Plans Master Trust are owned by all participating United plans consisting of the Management & Salaried Employees' 401(k) Retirement Savings Plan, Ground Employees' 401(k) Retirement Savings Plan, and the Flight Attendant Employees' 401(k) Retirement Savings Plan.

c. Net Appreciation (Depreciation) in Value of Investments

Net appreciation (depreciation) in value of investments includes realized and unrealized gains and losses. Realized and unrealized gains and losses are calculated as the difference between fair value at December 1, or date of purchase if subsequent to December 1, and fair value at date of sale or the current year-end. The unrealized gain or loss on investments represents the Plan's allocable share of the difference between fair value at December 1, or date of purchase, and the fair value at the date of sale or the current year-end plus, where applicable, the change in the exchange rate between the U.S. dollar and the foreign currency in which the assets are denominated from December 1, or the date of purchase, to the date of sale or the current year-end.

d. Plan Expenses

Administrative expenses represent administrative and investment manager fees charged by Fidelity, accountant fees, recordkeeping fees charged by Fidelity Institutional Retirement Services Co. and some administrative fees charged by United. Brokerage and other investment fees are included in the cost of the related security. United performs certain reporting and supervisory functions for the Plan without charge.

e. Transfers between Plans

Transfers between plans reflects the change in employee coverage and transfer of any related balances between this Plan and other defined contribution plans sponsored by United, including the United Air Lines, Inc. Ground Employees' 401(k) Retirement Savings Plan and the United Air Lines, Inc. Management and Salaried Employees' 401(k) Retirement Savings Plan.

3. TAX STATUS

The Plan obtained its latest determination letter on August 23, 1996. The Internal Revenue Service confirmed that the Plan, as written, was in compliance with the requirements of the Internal Revenue Code and that the trust was tax exempt.

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 11-K for the year ended November 30, 1996, into UAL's previously filed Form S-8 and Post Effective Amendment No. 1 to Form S-8 Registration Statement (File No. 33-44553) and Form S-8 Registration Statement (File No. 33-62749) for the United Air Lines, Inc. Flight Attendant Employees' 401(k) Retirement Savings Plan.

/s/ Arthur Andersen LLP

Arthur Andersen LLP

Chicago, Illinois  
May 23, 1997