FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 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 number 1-6033

UAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	36-2675207
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1200 East Algonquin Road, Elk Grove Township, Illinois 60007
Mailing Address: P. O. Box 66919, Chicago, Illinois 60666
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (847) 700-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

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

Class	Outstanding at April 30, 1998
Common Stock ($0.01 par value)	57,755,726

UAL Corporation and Subsidiary Companies Report on Form 10-Q
For the Quarter Ended March 31, 1998

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

Assets	March 31, 1998 (Unaudited)	December 31, 1997
Current assets:		
Cash and cash equivalents	$ 216	$ 295
Short-term investments	502	550
Receivables, net	1,171	1,051
Inventories, net	377	355
Deferred income taxes	241	244
Prepaid expenses and other	344	453
	2,851	2,948
Operating property and equipment:		
Owned	14,950	14,196
Accumulated depreciation and amortization	(5,115)	(5,116)
	9,835	9,080
Capital leases	2,393	2,319
Accumulated amortization	(599)	(625)
	1,794	1,694
	11,629	10,774
Other assets:		
Investments in affiliates	241	223
Intangibles, net	699	703
Aircraft lease deposits	346	318
Prepaid rent	514	60
Other	788	777
	2,588	2,081

	$ 17,068	$ 15,803

See accompanying notes to consolidated financial statements.

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

Liabilities and Stockholders' Equity	March 31, 1998 (Unaudited)	December 31, 1997
Current liabilities:		
Short-term borrowings	$ 119	$ -
Current portions of long-term debt and capital lease obligations	338	406
Advance ticket sales	1,534	1,267
Accounts payable	1,025	1,030
Other	2,505	2,545
	5,521	5,248
Long-term debt	2,786	2,092
Long-term obligations under capital leases	1,745	1,679
Other liabilities and deferred credits:		
Postretirement benefit liability	1,405	1,361
Deferred gains	1,191	1,210
Other	1,153	1,261
	3,749	3,832
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	101	101
Preferred stock committed to Supplemental ESOP	600	514
Stockholders' equity:		
Preferred stock	-	-
Common stock at par	1	1
Additional capital invested	3,064	2,876
Retained earnings	344	309
Unearned ESOP preferred stock	(166)	(177)
Other	(677)	(672)
	2,566	2,337
Commitments and contingent liabilities (See note)		
	$ 17,068	$ 15,803

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31	
	1998	1997

Operating revenues:		
Passenger	$ 3,565	$ 3,626
Cargo	215	195
Other	275	300
	4,055	4,121
Operating expenses:		
Salaries and related costs	1,309	1,240
ESOP compensation expense	258	184
Aircraft fuel	441	554
Commissions	317	364
Purchased services	337	307
Aircraft rent	233	237
Landing fees and other rent	203	218
Depreciation and amortization	191	176
Aircraft maintenance	156	138
Other	487	509
	3,932	3,927
Earnings from operations	123	194
Other income (expense):		
Interest expense	(80)	(69)
Interest capitalized	26	24
Interest income	16	12
Equity in earnings of affiliates	22	25
Miscellaneous, net	(11)	(15)
	(27)	(23)
Earnings before income taxes and distributions on preferred securities	96	171
Provision for income taxes	34	65
Earnings before distributions on preferred securities	62	106
Distributions on preferred securities, net of tax	(1)	(1)
Net earnings	$ 61	$ 105
Per share, basic	$ 0.60	$ 1.45
Per share, diluted	$ 0.34	$ 0.92

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31	
	1998	1997
Cash and cash equivalents at beginning of period	$ 295	$ 229
Cash flows from operating activities	826	680
Cash flows from investing activities:		
Additions to property and equipment	(893)	(308)
Proceeds on disposition of property and equipment	4	14
Decrease (increase) in short-term investments	48	(34)
Other, net	(7)	-

	(848)	(328)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	704	-
Repayment of long-term debt	(78)	(13)
Principal payments under capital lease obligations	(90)	(59)
Purchase of equipment debt certificates under Company operating leases	(683)	-
Increase in short-term borrowings	119	-
Aircraft lease deposits	(31)	(56)
Other, net	2	2
	(57)	(126)
Increase (decrease) in cash and cash equivalents	(79)	226
Cash and cash equivalents at end of period	$ 216	$ 455
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 43	$ 50
Income taxes	$ 8	$ 2
Non-cash transactions:		
Capital lease obligations incurred	$ 161	$ 239

See accompanying notes to consolidated financial statements.

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

The Company

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

Interim Financial Statements

The consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to or as permitted by such rules and regulations, although UAL believes that the disclosures are adequate to make the information presented not misleading. In management's opinion, all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the results of operations for the three month periods have been made. These financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in UAL's Annual Report on Form 10-K for the year 1997.

Employee Stock Ownership Plans

Pursuant to amended labor agreements which provide for wage and benefit reductions and work-rule changes which commenced July 1994, UAL has agreed to issue convertible preferred stock to employees. Note 2 of the Notes to Consolidated Financial Statements in the 1997 Annual Report on Form 10-K contains additional discussion of the agreements, stock to be issued to employees and the related accounting treatment. Shares earned in 1997 were allocated in March 1998 as follows: 97,406 shares of Class 2 ESOP Preferred Stock were contributed to the Non-Leveraged ESOP and an additional 889,031 shares were allocated in "book entry" form under the Supplemental Plan. Also, 2,087,531 shares of Class 1 ESOP Preferred Stock were allocated under the Leveraged ESOP. Finally, an additional 768,493 shares of Class 1 and Class 2 ESOP Preferred Stock have been committed to be released by the Company since January 1, 1998.

Income Taxes

The provisions for income taxes are based on the estimated annual effective tax rate, which differs from the federal statutory rate of 35% principally due to state income taxes, dividends on ESOP Preferred Stock and certain nondeductible expenses. Deferred tax assets are recognized based upon UAL's history of operating earnings and expectations for future taxable income.

Per Share Amounts

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

Earnings Attributable to Common Stockholders (Millions)	Three Months Ended March 31 1998	1997
Net Income	$ 61	$ 105
Preferred stock dividends and other	(26)	(20)
Earnings attributable to common stockholders (Basic and Diluted)	$ 35	$ 85
Shares (Millions)		
Weighted average shares outstanding (Basic)	57.3	58.8
Convertible ESOP preferred stock	43.1	31.6
Other	1.9	2.7
Weighted average number of shares (Diluted)	102.3	93.1
Earnings Per Share		
Basic	$ 0.60	$ 1.45
Diluted	$ 0.34	$ 0.92

Long-Term Debt and Lease Obligations

In March 1998, the Company, through a special-purpose financing entity which 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.

The proceeds from the commercial paper, as well as $79 million from internally generated funds were used to refinance $669 million face-value of equipment certificates, plus accrued interest, supporting leveraged lease transactions between United and various lessors. While the terms of the original leases between United and these lessors remain unchanged, the refinancing transaction effectively substitutes the commercial paper obligation for future minimum payments under these leases of $1,030 million, which are scheduled for payment as follows:

(In millions)

1998	1999	2000	2001	2002	After 2002	Total

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$62	$62	$62	$63	$58	$723	$1,030

Additionally, in connection with the acquisition of one B747 aircraft, the Company issued $100 million of secured notes during the quarter.

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 in a full set of general purpose financial statements. The reconciliation of net income to comprehensive net income is as follows:

	Three Months Ended March 31	
	1998	1997
Net earnings, as reported	$ 61	$ 105
Other comprehensive income	-	(3)
Total comprehensive income	$ 61	$ 102

	March 31 1998	December 31 1997
Accumulated other comprehensive income included in other stockholders' equity	$ (2)	$ (2)

Contingencies and Commitments
- ----------------------------

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

At March 31, 1998, commitments for the purchase of property and equipment, principally aircraft, approximated $8.0 billion, after deducting advance payments. An estimated $2.0 billion will be spent during the remainder of 1998, $2.1 billion in 1999, $1.6 billion in 2000 and $2.3 billion in 2001 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. The above commitments are part of the Company's plan to eventually add 68 aircraft to its passenger fleet, thus increasing the fleet from 571 aircraft at December 31, 1997 to an expected 639 aircraft at the end of 2001.

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

LIQUIDITY AND CAPITAL RESOURCES
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UAL's total of cash and cash equivalents and short-term investments was $718 million at March 31, 1998, compared to $845 million at December 31, 1997. Cash flows from operating activities amounted to $826 million. Financing activities included principal payments under debt and capital lease obligations of $78 million and $90 million, respectively, and deposits of an equivalent $31 million in Japanese yen and French francs with certain banks in connection with the financing of certain capital lease transactions. Additionally, the Company issued $704 million in long-term debt during the period and used part of the proceeds to purchase $683 million in debt certificates under Company operating leases. See "Long-Term Debt and Lease Obligations" in the Notes to Consolidated Financial Statements for further details.

Property additions, including aircraft and aircraft spare parts, amounted to $893 million. Property dispositions resulted in proceeds of $4 million. In the first quarter of 1998, United took delivery of one A320, four A319, three B777, two B757 and one B747 aircraft. Nine of the aircraft were purchased and two were acquired under capital leases. In addition, United acquired two B727 and two DC10-10 aircraft off-lease during the first quarter and retired eleven B737 and three B747 aircraft.

At March 31, 1998, commitments for the purchase of property and equipment, principally aircraft, approximated $8.0 billion, after deducting advance payments. Of this amount, an estimated $2.0 billion is expected to be spent during the remainder of 1998. For further details, see "Contingencies and Commitments" in the Notes to Consolidated Financial Statements.

RESULTS OF OPERATIONS

Summary of Results

UAL's earnings from operations were $123 million in the first quarter of 1998, compared to operating earnings of $194 million in the first quarter of 1997. UAL had net earnings in the 1998 first quarter of $61 million ($0.60 per share, basic; $0.34 per share, diluted), compared to net earnings of $105 million in the same period of 1997 ($1.45 per share, basic; $0.92 per share, diluted).

Management believes that a more complete understanding of UAL's results can be gained by viewing them on a pro forma, "Fully Distributed" basis. This approach considers all ESOP shares which will ultimately be distributed to employees throughout the ESOP (rather than just the shares committed to be released) to be immediately outstanding and thus Fully Distributed. Consistent with this method, the ESOP compensation expense is excluded from Fully Distributed net earnings and ESOP convertible preferred stock dividends are not deducted from earnings attributable to common stockholders. On a Fully Distributed basis, UAL's net earnings for the 1998 first quarter would have been $218 million ($1.68 per share) compared to $61 million ($0.34 per share) as reported under generally accepted accounting principles. For the first quarter of 1997, Fully Distributed net earnings would have been $215 million ($1.61 per share) compared to $105 million ($0.92 per share) as reported under generally accepted accounting principles. No adjustments are made to Fully Distributed earnings to take into account future salary increases.

Specific factors affecting UAL's consolidated operations for the first quarter of 1998 are described below.

First Quarter 1998 Compared with First Quarter 1997.

Operating revenues decreased $66 million (2%) and United's revenue per available seat mile (unit revenue) decreased 4% to 9.83 cents. Passenger revenues decreased $61 million (2%) due to a 2% decrease in United's revenue passenger miles and a slight decrease in yield to 12.77 cents. Available seat miles across the system were up 2% over the first quarter of 1997, resulting in a passenger load factor decrease of 2.7 points to 67.2%. The following analysis by market is based on information reported to the U.S. Department of Transportation:

Latin America revenue passenger miles increased 8% over the same period last year on an 18% increase in capacity, with a 5% decrease in yield. Atlantic revenue passenger miles increased 15% on 18% higher capacity and yield decreased 3% for the period. In the Pacific, revenue passenger miles decreased 14% on a 5% decrease in capacity and yield decreased 6% from the same period last year. Pacific yields continue to be negatively impacted by the weakness of the Japanese yen to the dollar, and the effects of the Asian economic turmoil on demand for travel. Domestic revenue passenger miles remained unchanged despite 2% higher capacity with a 1% increase in yield, even though the Federal passenger excise tax was not in effect for most of the 1997 first quarter.

Cargo revenues increased $20 million (10%) on increased freight ton miles of 18%. A 4% lower freight yield was only partially offset by a 3% higher mail yield for an overall decrease in cargo yield of 3%. Other operating revenues decreased $25 million (8%) due primarily to the sale of the Apollo Travel Services Partnership ("ATS") in July 1997, offset by increases in frequent flyer program partner-related revenues and contract sales to third parties.

Operating expenses increased $5 million (0.1%) and United's cost per available seat mile decreased 2%, from 9.72 cents to 9.52 cents, including ESOP compensation expense. Without the ESOP compensation expense, United's cost per available seat mile would have been 8.90 cents, a decrease of 4% from the 1997 first quarter. ESOP compensation expense increased $74 million (40%), 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. Aircraft maintenance increased $18 million (13%) due primarily to an increase in purchased maintenance as a result of increased heavy maintenance visits. Purchased services increased $30 million (10%) due to increases in computer reservations fees, as a result of the sale of ATS, and credit card discounts. Depreciation and amortization increased $15 million (9%) due to an increase in the number of owned aircraft and aircraft under capital lease. Salaries and related costs increased $69 million (6%) due to mid-term wage adjustments which took place in July 1997 and to increased staffing in certain customer-oriented positions. Aircraft fuel decreased $113 million (20%) due to a 21% decrease in the cost of fuel from 78.3 cents to 61.7 cents a gallon. Commissions decreased $47 million (13%) due to a change in the commission structure implemented in the third quarter of 1997 as well as a slight decrease in commissionable revenues. Other expenses decreased $22 million (4%) as a result of the sale of ATS.

Other expense amounted to $27 million in the first quarter of 1998 compared to $23 million in the first quarter of 1997. Interest expense increased $11 million (16%) due to the issuance of long-term debt in 1997 and 1998. Interest income increased $4 million (33%) due to higher average interest rates on investment balances.

LABOR AGREEMENTS

On April 2, 1998, the International Association of Machinists and Aerospace Workers ("IAM") filed an application with the National Mediation Board ("NMB") seeking recognition as the collective-bargaining representative for United's approximately 19,000 public contact employees (primarily customer service and reservations sales and service representatives). The IAM currently represents approximately 24,000 mechanics, ramp servicemen, flight dispatch employees and food service employees at United. The NMB has authorized a mail ballot election, a process which could take one to two months.

DEPARTMENT OF TRANSPORTATION POLICY STATEMENT

On April 10, 1998, the Department of Transportation ("DOT") issued a proposed Statement of the Department of Transportation's Enforcement Policy Regarding Unfair Exclusionary Conduct in the Air Transportation Industry. The proposed policy sets forth tentative findings and guidelines for use by the DOT in evaluating whether major carriers' competitive responses to new entry warrant enforcement action. Under the current DOT schedule, comments are due by June 9, 1998.

UAL is evaluating the proposal, but at this time is unable to determine what form the proposal may take or what impact, if any, the proposal, if implemented, may have upon its business.

UNITED-DELTA ALLIANCE

On April 30, 1998, United announced a tentative, seven-year bilateral alliance with Delta Air Lines, Inc. ("Delta"), subject to approval of both airlines' pilot unions. If approved, the alliance would allow code-sharing between the carriers as well as reciprocal participation in frequent flyer programs. For comparison purposes, the companies estimate a combined gross revenue benefit of $600 million if the tentative alliance is fully implemented, including international code-sharing. The revenue benefits are expected to accrue roughly equally to each carrier. This figure assumes no other major U.S. domestic alliances. The companies expect a positive revenue benefit compared to today even if other U.S. domestic alliances are completed. (See "Outlook for 1998" for risk factors which could impact the expected revenue benefit from this alliance.)

United and Delta initially expect to implement code-sharing on U.S. domestic flights and would eventually expand to include international flights in Latin America and the Pacific, pending agreement of both companies' foreign alliance partners and the appropriate governments. Europe is excluded from the tentative agreement because of the uncertainty and complexity of the European regulatory environment.

OUTLOOK FOR 1998

In 1998, available seat miles are expected to increase approximately 2.5%, with total system revenue per available seat mile being the same as or slightly above 1997's level. Costs per available seat mile excluding ESOP charges are expected to be about the same as the prior year. This unit cost forecast assumes the average cost of jet fuel per gallon is lower in 1998 than in 1997. Industry capacity increases in international markets and the economic situation in Asia are forecast to adversely affect international revenue performance.

For the second quarter, United expects available seat miles to increase between 2.5% and 3% versus the same period last year, and expects total system revenue per available seat mile to decrease by about 0.5% compared to the same period of 1997. Costs per available seat mile excluding ESOP charges are expected to be about the same as in the second quarter of last year.

Based on the favorable domestic environment, continued industry capacity increases in the international arenas, economic weakness in Asia, fuel prices assumed to be lower than the prior year and first quarter results, the Company anticipates its "fully distributed" earnings per share in 1998 will exceed those for 1997 (see "Results of Operations, Summary of Results" for further explanation of this pro forma methodology).

The information included in the previous paragraphs 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, international revenues, unit revenues, unit costs, fuel prices and fully distributed earnings per share include: industry capacity decisions, the airline pricing environment, fuel prices, the success of the company's cost-control efforts, actions of the U.S., foreign and local governments, the Asian economic environment and travel patterns, foreign currency exchange rate fluctuations, the economic environment of the airline industry and the general economic environment. Factors that could significantly affect revenue benefits with respect to the proposed alliance transaction with Delta include: the implementation of alliances by competitors, the outcome of discussions with both carriers' pilot unions, international partners, and commuter carriers regarding implementation of the proposed transaction, actions of the U.S., foreign and local governments, the economic environment of the airline industry and the general economic environment.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding the Company's exposure to certain market risks, see Item 7A. Quantitative and Qualitative Disclosures About Market Risk in UAL's Annual Report on Form 10-K for the year 1997. Significant changes which have occurred since year-end are as follows:

(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
Sold put contracts - Crude oil	$ 407	$18.61/bbl	$ (48)
- Heating oil	$ 193	$ 0.52/gal	$ (30)

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

A list of exhibits included as part of this Form 10-Q is set forth in an Exhibit Index which immediately precedes such exhibits.

(b) Form 8-K dated January 28, 1998 to report a cautionary statement for purposes of the "Safe Harbor for Forward-Looking Statements" provision of the Private Securities Litigation Reform Act of 1995.

Form 8-K dated April 30, 1998 to announce tentative agreement with Delta Air Lines, Inc. to expand global access, and to report a cautionary statement for purposes of the "Safe Harbor for Forward Looking Statements" provision of the Private Securities Litigation Reform Act of 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UAL CORPORATION

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

Dated: May 4, 1998

Exhibit Index

Exhibit No.	Description
10.1	UAL Corporation Incentive Compensation and Profit Sharing Plan.
10.2	UAL Corporation 1981 Incentive Stock Plan, as amended March 26, 1998
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.
27	Financial Data Schedule.

Exhibit 10.1

UAL CORPORATION

INCENTIVE COMPENSATION AND PROFIT SHARING PLAN

I. PURPOSE

In an effort to maintain a position of leadership in the fast-growing and highly competitive business segments in which UAL Corporation (the "Company") competes, it is necessary to promote financial interests of the Company and its corporate affiliates (the "Subsidiaries"), including its growth, by (A) attracting and retaining highly qualified executives possessing outstanding ability, (B) motivating executives and other management employees by means of performance related incentives, and (C) providing incentive compensation opportunities which are competitive with those of major corporations. The Incentive Compensation Plan (the "Plan") hereinafter described is designed to assist the Company in attaining these objectives.

II. ADMINISTRATION OF THE PLAN

1. The Company is responsible for the general administration of the Plan, except as to matters expressly reserved in this Plan to the Compensation Administration Committee of the Board of Directors of the Company (the "Board"), with respect to all grants to any "covered employee" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") and regulations promulgated thereunder (the "Covered Employees"), and to the Compensation Committee of the Board with respect to all other grants. Unless specifically named, the Compensation Administration Committee or Compensation Committee, whichever is applicable in the context, will herein be called the "Committee." Determinations, decisions and actions of the Company or the Committee in connection with the construction, interpretation, administration, or application of the Plan will be final, conclusive, and binding upon any Participant and any person claiming under or through the Participant. Neither the Company nor any member of the Committee will be liable for any determination, decision, or action made with respect to the Plan or any Incentive Award granted, or Profit Sharing Payments made, under the Plan.

2. A Participant's rights and interests in any Incentive Award or Profit Sharing Amount under the Plan may not be assigned or transferred and are not subject to attachment, garnishment, execution, or other creditor's processes.

3. If a Participant transfers employment classifications during a calendar year, the amount of the Participant's Incentive Compensation Payments or Profit Sharing Payments for that calendar year shall be based on the amount of the Participant's compensation that he/she receives during that calendar year as an Incentive Compensation Participant or Profit Sharing Participant, as the case may be.

4. The Incentive Compensation Plan may at any time be amended, modified, or terminated, as the Board, in its discretion, determines. The Profit Sharing Plan may at any time be amended, modified, or terminated, as the Company. in its discretion, determines. Such amendment, modification, or termination of the Incentive Compensation Plan or the Profit Sharing Plan will not require the consent, ratification, or approval of any party, including any Participant.

5. The Plan does not constitute a contract of employment, and participation in the Plan will not give any employee the right to be retained in the service of the Company or its Subsidiaries.

6. This Plan and all determinations made and actions taken pursuant hereto will be governed and construed by the internal laws of the State of Illinois.

III. DEFINITIONS

1. Award Year -- The calendar year for which Incentive Awards, if any, are calculated under the Plan.

2. Financial Objectives -- Financial performance goals established by the Company and approved by the Committee at the beginning of an Award Year. Financial Objectives may apply to overall Company and Subsidiaries performance in selected areas and/or to performance of major business segments of the Company and Subsidiaries.

3. Financial Performance Factor -- The numerical factor determined by the Company shortly after the Award Year by comparing actual performance during such Award Year to the applicable Financial Objectives previously established for such Award Year.

4. Incentive Compensation Participant -- A person who is a senior or a key management employee of the Company or one or more Subsidiaries and who is designated as an Incentive Compensation Participant for an Award Year by the Company or the Committee. Designation as an Incentive Compensation Participant will apply only for the Award Year for which the designation is made. The Company may, in its sole discretion, designate certain management employees as Special Incentive Compensation Participants for an Award Year.

5. Incentive Compensation Plan -- The provisions of this Plan as applied to Incentive Compensation Participants.

6. Individual Performance Objectives -- Goals and objectives established by the Company (or by the Compensation Administration Committee in the case of Covered Employees) for each Incentive Compensation Participant.

7. Individual Performance Factor -- The numerical factor determined with respect to the Plan by the Company (or by the Compensation Administration Committee in the case of Covered Employees) shortly after the Award Year, based upon an evaluation as to the extent to which an Incentive Compensation Participant in the Plan achieved the Individual Performance Objectives established for him/her. Such evaluation will be wholly discretionary and subjective on the part of the Company or the Compensation Administration Committee, as the case may be.

8. Incentive Awards -- The dollar value of awards made to Incentive Compensation Participants under the Plan. Notwithstanding any other provisions of the Plan, in no event may the total Incentive Award for any Award Year for any Incentive Compensation Participant exceed 100% of his/her base salary for the Award Year.

9. Incentive Opportunity -- The amount, determined by the Company and approved by the Committee, as appropriate, at the beginning of an Award Year, that an Incentive Compensation Participant may receive as an Incentive Award under the Plan. The Incentive Opportunity will be stated as a percentage of an Incentive Compensation Participant's annual base salary for an Award Year (prorated for a partial year's participation). If an Incentive Compensation Participant held more than one eligible position in the Award Year, his/her Incentive Opportunity will be determined on a prorated basis. The Incentive Opportunity for a Special Incentive Compensation Participant shall be stated as a dollar amount rather than as a percentage of his/her annual base salary for the Award Year.

10. Participant -- An Incentive Compensation Participant or a Profit Sharing Participant, whichever is applicable.

11. Profit Sharing Goals -- The collective Financial Objectives for the Company and its Subsidiaries for the Profit Sharing Year that coincides with the Award Year for which the Financial Objectives are established as determined by the Company. For purposes of determining the amount of Profit Sharing Payments, the Profit Sharing Goals for a particular Profit Sharing Year shall be separately stated as a threshold goal, a target goal and a maximum goal.

12. Profit Sharing Participant -- A person who, on his/her Employee Service Record Form UG 100 or any successor thereof, is classified, for at least part of the Profit Sharing Year for

which the Profit Sharing Payment is being made, as a regular full-time or regular part-time management employee, is not an Incentive Compensation Participant and, on December 31 of that Profit Sharing Year, is actively employed in any job classification, has retired.

13. Profit Sharing Payments -- The amount to which Profit Sharing Participants are entitled for a Profit Sharing Year, as determined under Section V of the Plan.

14. Profit Sharing Plan -- The provisions of this Plan as applied to Profit Sharing Participants.

15. Profit Sharing Year -- The calendar year. Unless the Company specifically otherwise determines, Profit Sharing Payments shall be made only for 1997, 1998, and 1999 in the subsequent calendar year.

16. Profit Sharing Wages -- The amount of a Profit Sharing Participant's taxable wages for the Profit Sharing Year, increased by the amount of his/her pre-tax contributions under any qualified Code Section 401(k) plan or Code Section 125 cafeteria plan and any HMO premium deductions for the Profit Sharing Year, and decreased by the amount of any extraordinary payments such as moving expense reimbursements, Pride Awards and Code Section 125 cafeteria plan reimbursements for the Profit Sharing Year

IV. INCENTIVE COMPENSATION PAYMENTS

A. Participation

1. Incentive Compensation Participants will be determined annually by the Company or the Committee from among key and senior management employees of the Company and its Subsidiaries. This determination will allow participation only for the Award Year concerned.

2. If an Incentive Compensation Participant's employment with the Company or its Subsidiaries is terminated during an Award Year, the appropriate Incentive Award under the Plan, if any, for such Participant will be subject to the sole discretion of the Company's Chairman (or to the sole discretion of the Compensation Administration Committee in case of the termination of employment of a Covered Employee). A transfer of employment between the Company and any of its Subsidiaries will not be considered a termination of employment.

B. Computation of Incentive Awards

1. The Incentive Award for an Award Year for an Incentive Compensation Participant will be the product of the Incentive Compensation Participant's Incentive Opportunity modified by the Financial Performance Factor and Individual Performance Factor, multiplied by the Incentive Compensation Participant's applicable base salary. No Incentive Award will be made to an Incentive Compensation Participant for an Award Year in which his/her applicable Financial Performance Factor is below threshold level. However, the Chairman of the Company, with Committee approval, may waive the applicable Financial Performance Factor threshold requirement.

2. Total payments to all Incentive Compensation Participants will be limited to 5% of Pre-Tax Income in any given Award Year. If total calculated Incentive Awards exceed 5% of Pre-Tax Income, payments will be made on a prorated basis.

C. Payment of Awards

1. Subject to Paragraph 2 below, payment of Incentive Awards will be made in cash on or about April 1 of the year following the Award Year; provided, however, that an Incentive Award may be deferred at the election of an Incentive Compensation Participant in the manner described in Paragraph 2 below.

2. An Incentive Compensation Participant may elect, on or before December 31 of the year preceding an Award Year, to defer receipt of all or any portion of his/her Incentive Award to a subsequent calendar year. An Incentive Compensation Participant

will receive payment of a deferred Incentive Award in a lump sum in January of the earliest of: (1) the deferral calendar year selected by the Incentive Compensation Participant; (2) the calendar year immediately after the Incentive Compensation Participant's retirement under the United Air Lines, Management and Salaried Pension Plan, (3) the calendar year after the Incentive Compensation Participant's termination of employment with the Company or Subsidiaries for other reasons, provided that a transfer of employment from the Company or one of its Subsidiaries to the Company or another of its Subsidiaries will not be considered a termination of employment; (4) the occurrence of an "Unforeseeable Emergency," provided that a distribution pursuant to this clause (4) shall not exceed the amount reasonably needed to satisfy the emergency need; or (5) any other time elected by the Incentive Compensation Participant, provided that upon making such an election, the Incentive Compensation Participant shall be entitled to receive 90% of the amounts then credited to him/her under the Plan and shall forfeit the remaining 10% of such amount. The amounts deferred will be credited annually with compound interest at the prime rate in effect during the deferral period at the end of the calendar quarter, as reported by The Wall Street Journal. All deferred Incentive Awards will be reflected in the Company's books as general unsecured and unfunded obligations of the Company. No trust in favor of any Incentive Compensation Participant will be implied. Deferral elections will be irrevocable by an Incentive Compensation Participant. For purposes of this paragraph, "Unforeseeable Emergency" shall mean a severe financial hardship to the Incentive Compensation Participant resulting from a sudden and unexpected illness or accident of the Incentive Compensation Participant or of his/her dependent (as defined in Section 152(a) of the Code), loss of the Incentive Compensation Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Incentive Compensation Participant. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment under clause (4) above may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Incentive Compensation Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under the Plan.

D. Special Incentive Compensation Rules

1. Notwithstanding any other provision of this Plan to the contrary: Incentive Awards with respect to an Award Year for any Incentive Compensation Participant who is a Covered Employee with respect to such Award Year (i) may not exceed $900,000 and (ii) shall be determined by reference to a formula which shall define the Incentive Award by reference to the attainment by the Company of one or more target levels of pre-tax income (as determined under generally accepted accounting principles but without regard to any items (whether gains or losses) otherwise included therein relating to (a) the UAL Corporation Employee Stock Ownership Plan, the UAL Corporation Supplemental ESOP, or the trusts relating thereto, (b) any event or occurrence that the Compensation Administration Committee determines to be either not directly related to the operations of the Company or not within the reasonable control of the Company's management, (c) this Plan, and (d) the Company's 1988 Restricted Stock Plan) for such Award Year. Such target level(s) and the formula referred to above shall be determined by the Compensation Administration Committee prior to the commencement of such Award Year (or at such later time as may be permissible under Section 162(m) of the Code). The Compensation Administration Committee shall determine and certify whether such target levels of pre-tax income have been met. Notwithstanding the foregoing, the Compensation Administration Committee may, in its sole discretion, reduce the Incentive Award otherwise determined pursuant to such formula.

V. PROFIT SHARING PAYMENTS

A. Participation

Each Profit Sharing Participant shall be entitled to a Profit Sharing Payment in the amount, if any, as determined below for each Profit Sharing Year in which he/she satisfies the definition of the term "Profit Sharing Participant."

B. Computation of Profit Sharing Payments

The amount of Profit Sharing Payment to be made to a Profit Sharing Participant for a Profit Sharing Year is the product of his/her Profit Sharing Wages for the Profit Sharing Year, multiplied by the percentage determined under the following table, on the basis of the performance of the Company and its Subsidiaries relative to its Profit Sharing Goals for the Profit Sharing Year:

Profit Sharing Goal	Percentage of Profit Sharing Wages
Less Than Threshold	0%
Threshold	1.00%
Target	2.55%
Maximum	3.75%

If the Company and its Subsidiaries achieve a Profit Sharing Goal of at least the Threshold and between any two of the levels set forth in the schedule above, the applicable Percentage of Profit Sharing Wages shall be the amount determined by linear interpolation between the two levels of Profit Sharing Goals.

C. Payment

Profit Sharing Payments for a Profit Sharing Year will be made to Profit Sharing Participants no later than March 31 of the calendar year following the Profit Sharing Year for which the Profit Sharing Payments are made.

Exhibit 10.2

As Amended
March 26, 1998

UAL CORPORATION

1981 INCENTIVE STOCK PLAN

1. Purpose. The purpose of the UAL Corporation 1981 Incentive Stock Plan (the "Plan") is to attract and retain outstanding individuals as officers and key employees of UAL Corporation (the "Company") and its subsidiaries, and to furnish incentives to such persons by providing such persons opportunities to acquire shares of the Company's Common Stock, par value $.01 per share ("Common Stock"), or monetary payments based on the value of such shares or both, on advantageous terms as herein provided.

2. Administration. The Plan shall be administered by the Compensation Administration Committee of the Board of Directors of the Company for (I) all grants to any "officer" as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or (II) any other grant to the extent necessary or proper to preserve deductibility of the compensation expense associated with such grant under Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"), and by the Compensation Committee of the Board of Directors of the Company for all grants to participants who are not covered employees for purposes of Section 162(m) of the Code or officers under Rule 16a-1(f) of the Exchange Act (such committee, as applicable, herein called the "Committee"). The Committee is authorized to interpret the provisions of the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and conditions of Benefits to be granted under the Plan and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to or inconsistent with the express provisions of the Plan.

3. Participants. Participants in the Plan will consist of such officers or other key employees of the Company and its subsidiaries as the Committee in its sole discretion may designate from time to time to receive Benefits hereunder. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Benefits, including without limitation (i) the financial condition of the Company; (ii) anticipated profits for the current or future years; (iii) contributions of participants to the profitability and development of the Company; and (iv) other compensation provided to participants.

4. Types of Benefits. Benefits under the Plan may be granted in any one or a combination of (a) Incentive Stock Options, (b) Non-qualified Stock Options, and (c) Stock Appreciation Rights, all as described below.

5. Shares Reserved under the Plan. There is hereby reserved for issuance under the Plan an aggregate of 2,300,000 shares of Common Stock, which may be newly issued or treasury shares.(1) All of such shares may, but need not be issued pursuant to the exercise of Incentive Stock Options. If there is a lapse, expiration, termination or cancellation of any Benefit granted hereunder without the issuance of shares or payments of cash thereunder, or if shares are issued under any Benefit and thereafter are reacquired by the Company pursuant to rights reserved upon the issuance thereof, the shares subject to or reserved for such Benefit may again be used for new options or rights under this Plan; provided, however, that in no event may the number of shares issued under this Plan exceed the total number of shares reserved for issuance hereunder. Subject to Section 14(a), in no event may the aggregate number of shares of Common Stock with respect to which options or Stock Appreciation Rights are granted to any individual exceed 125,000 in any period of two calendar years, provided, however, that grants made to any

new employee as a condition of employment may not exceed two times such biennial limit during the first two years of employment.

6. Incentive Stock Options. Incentive Stock Options will consist of options to purchase shares of Common Stock at purchase prices not less than one hundred percent (100%) of the fair market value of such shares on the date of grant. Incentive Stock Options will be exercisable over not more than ten (10) years after date of grant and shall terminate not later than three (3) months after termination of employment for any reason other than death. If the optionee should die while employed or within three (3) months after termination of employment, the right of the optionee or his or her successor in interest to exercise an option shall terminate not later than twelve (12) months after the date of death. The aggregate fair market value (determined as of the time the option is granted) of the shares of Common Stock which any participant may exercise pursuant to Incentive Stock Options for the first time in any calendar year (under all option plans of the Company and its parent and subsidiary corporations) shall not exceed $100,000.

7. Non-qualified Stock Options. Non-qualified Stock Options will consist of options to purchase shares of Common Stock at purchase prices not less than one hundred percent (100%) of the fair market value of shares on the date of grant. Non-qualified Stock Options will be exercisable over not more than ten (10) years after date of grant. Non-qualified Stock Options will terminate no later than six (6) months after termination of employment for any reason other than retirement or death, unless immediately after such termination of employment the optionee shall be a member of the Board of Directors of the Company, in which case such options will terminate two (2) years after such termination of employment. In the event termination of employment occurs by reason of the optionee's retirement, the option shall terminate not later than the fixed expiration date set forth therein. In the event termination of employment occurs by reason of the optionee's death or if the optionee's death occurs within six months after termination of employment, the option shall terminate not later than twelve (12) months after the date of such death.

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1 Represents shares reserved for issuance under the Plan in connection with grants made on or after July 12, 1994. Shares issuable under grants made prior to such date are in addition to such number of shares.

8. Stock Appreciation Rights. The Committee may, in its discretion, grant a Stock Appreciation Right to the holder of any Non-qualified Stock Option granted hereunder. In addition, a Stock Appreciation Right may be granted independently of and without relation to any stock option. Stock Appreciation Rights shall be subject to such terms and conditions consistent with the Plan as the Committee shall impose from time to time, including the following:

(a) A Stock Appreciation Right may be granted with respect to a Non-qualified Stock Option at the time of its grant or at any time thereafter up to six (6) months prior to its expiration.

(b) Each Stock Appreciation Right will entitle the holder to elect to receive up to 100% of the appreciation in fair market value of the shares subject thereto up to the date the right is exercised. In the case of a Stock Appreciation Right issued in relation to a Non-qualified Stock Option, such appreciation shall be measured from the option price. In the case of a Stock Appreciation Right issued independently of any stock option, the appreciation shall be measured from not less than the fair market value of the Common Stock on the date the right is granted.

(c) The Committee shall have the discretion to satisfy a participant's right to receive the amount of cash determined under subparagraph (b) hereof, in whole or in part, by the delivery of shares of Common Stock valued as of the date of the participant's election.

(d) In the event of the exercise of a Stock Appreciation Right, the number of shares reserved for issuance hereunder (and the shares subject to the related option, if any) shall be reduced by the number of shares with respect to which the right is exercised.

9. Nontransferability. Except as otherwise provided by the Committee, each Benefit granted under this Plan shall not be transferable other than by will or the laws of descent and distribution, and shall be exercisable, during the holder's lifetime, only by the holder.

10. Other Provisions. The award of any Benefit under the Plan may also be subject to other provisions (whether or not applicable to the Benefit awarded to any other participant) as the Committee determines appropriate, including, without limitation, provisions for the purchase of common shares under stock options in installments, provisions for the payment of the purchase price of shares under stock options by delivery of other shares of the Company having a then market value equal to the purchase price of such shares, restrictions on resale or other disposition, such provisions as may be appropriate to comply with federal or state securities laws and stock exchange requirements and understandings or conditions as to the participant's employment in addition to those specifically provided for under the Plan.

11. Term of Plan and Amendment, Modification or Cancellation of Benefits. No Benefit shall be granted after December 8, 2001; provided, however, that the terms and conditions applicable to any Benefits granted prior to such date may at any time be amended, modified, extended or canceled by mutual agreement between the Committee and the participant or such other persons as may then have an interest therein, so long as any amendment or modification does not increase the number of shares of Common Stock issuable under this Plan and any extension does not extend the option term beyond ten (10) years.

12. Taxes. The Company shall be entitled to withhold the amount of any tax attributable to any amount payable or shares deliverable under the Plan after giving the person entitled to receive such amount or shares notice as far in advance as practicable, and the Company may defer making payment or delivery if any such tax may be pending unless and until indemnified to its satisfaction.

13. Fair Market Value. The Fair Market Value of the Company's shares of Common Stock at any time shall be determined in such manner as the Committee may deem equitable or required by applicable laws or regulations.

14. Adjustment Provisions.

(a) If the Company shall at any time change the number of issued shares of Common Stock without new consideration to the Company (such as by stock dividend or stock split), the total number of shares reserved for issuance under this Plan, the maximum number of shares with respect to which options or Stock Appreciation Rights may be granted to any individual, the exercise price of outstanding options (other than options granted prior to July 12, 1994) and the base for measuring a Stock Appreciation Right and the number of shares covered by each outstanding Benefit (including the number of shares issuable upon exercise of outstanding options granted prior to July 12, 1994, which are exercisable for "reclassification packages" consisting of a combination of cash and shares, so that the number of shares included in each such reclassification package shall adjust as herein provided) shall be adjusted so that the aggregate consideration payable to the Company and the value of each such Benefit shall not be changed. The Committee shall also have the right to provide for the continuation of Benefits or for other equitable adjustments after changes in the shares of Common Stock resulting from the reorganization, sale, merger, consolidation or similar occurrence.

(b) Notwithstanding any other provision of this

Plan, and without affecting the number of shares otherwise reserved or available hereunder, the Committee may authorize the issuance or assumption of Benefits in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate.

15. Amendment and Termination of Plan. The Board of Directors of the Company may amend the Plan from time to time or terminate the Plan at any time, but no such action shall reduce the then existing amount of any participant's Benefit or adversely change the terms and conditions thereof without the participant's consent. However, except for adjustments expressly provided for herein, no amendment may, without stockholder approval, materially increase the number of shares which may be issued.

Exhibit 12.1

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Three Months Ended March 31 1998	Three Months Ended March 31 1997
	(In Millions)	
Earnings:		
Earnings before income taxes	$ 96	$ 171
Fixed charges, from below	229	232
Undistributed earnings of affiliates	(20)	(25)
Interest capitalized	(26)	(24)
Earnings	$ 279	$ 354
Fixed charges:		
Interest expense	$ 80	$ 69
Portion of rental expense representative of the interest factor	149	163
Fixed charges	$ 229	$ 232
Ratio of earnings to fixed charges	1.22	1.53

Exhibit 12.2

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

and Preferred Stock Dividend Requirements

	Three Months Ended March 31 1998	1997
	(In Millions)	
Earnings:		
Earnings before income taxes	$ 96	$ 171
Fixed charges, from below	269	263
Undistributed earnings of affiliates	(20)	(25)
Interest capitalized	(26)	(24)
Earnings	$ 319	$ 385
Fixed charges:		
Interest expense	$ 80	$ 69
Preferred stock dividend requirements	40	31
Portion of rental expense representative of the interest factor	149	163
Fixed charges	$ 269	$ 263
Ratio of earnings to fixed charges	1.19	1.46

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED
OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND
CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF
MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH FINANCIAL STATEMENTS.
1,000,000

DEC-31-1998
JAN-01-1998
MAR-31-1998
3-MOS
216
502
1,171
0
377
2,851
17,343
5,714
17,068
5,521
4,531
101
0
1
2,565
17,068
0
4,055
0
3,932
0
0
80
96
34
61
0
0
0
61
0.60
0.34