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 June 30, 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 July 31, 1998
Common Stock ($0.01 par value)	58,364,081

UAL Corporation and Subsidiary Companies Report on Form 10-Q
For the Quarter Ended June 30, 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	June 30, 1998 (Unaudited)	December 31, 1997
Current assets:		
Cash and cash equivalents	$ 588	$ 295
Short-term investments	439	550
Receivables, net	1,331	1,051
Inventories, net	425	355
Deferred income taxes	239	244
Prepaid expenses and other	326	453
	3,348	2,948
Operating property and equipment:		
Owned	15,270	14,196
Accumulated depreciation and amortization	(5,160)	(5,116)
	10,110	9,080
Capital leases	2,620	2,319
Accumulated amortization	(621)	(625)
	1,999	1,694
	12,109	10,774
Other assets:		
Investments in affiliates	282	223
Intangibles, net	695	703
Aircraft lease deposits	449	318
Prepaid rent	655	60
Other	731	777

	2,812	2,081
	$ 18,269	$ 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	June 30, 1998 (Unaudited)	December 31, 1997
Current liabilities:		
Short-term borrowings	$ 10	$ -
Current portions of long-term debt and capital lease obligations	475	406
Advance ticket sales	1,691	1,267
Accounts payable	1,119	1,030
Other	2,562	2,545
	5,857	5,248
Long-term debt	2,736	2,092
Long-term obligations under capital leases	1,899	1,679
Other liabilities and deferred credits:		
Postretirement benefit liability	1,449	1,361
Deferred gains	1,177	1,210
Other	1,378	1,261
	4,004	3,832
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	101	101
Preferred stock committed to Supplemental ESOP	681	514
Stockholders' equity:		
Preferred stock	-	-
Common stock at par	1	1
Additional capital invested	3,224	2,876
Retained earnings	601	309
Unearned ESOP preferred stock	(155)	(177)
Other	(680)	(672)
	2,991	2,337
Commitments and contingent liabilities (See note)		
	$ 18,269	$ 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 June 30	
	1998	1997

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Operating revenues:		
Passenger	$ 3,948	$ 3,854
Cargo	224	215
Other	270	313
	4,442	4,382
Operating expenses:		
Salaries and related costs	1,300	1,228
ESOP compensation expense	232	226
Aircraft fuel	435	495
Commissions	328	386
Purchased services	376	310
Aircraft rent	219	235
Landing fees and other rent	228	224
Depreciation and amortization	192	174
Aircraft maintenance	141	157
Other	521	535
	3,972	3,970
Earnings from operations	470	412
Other income (expense):		
Interest expense	(93)	(71)
Interest capitalized	30	26
Interest income	14	11
Equity in earnings of affiliates	21	22
Miscellaneous, net	(13)	(12)
	(41)	(24)
Earnings before income taxes and distributions on preferred securities	429	388
Provision for income taxes	146	145
Earnings before distributions on preferred securities	283	243
Distributions on preferred securities, net of tax	(1)	(1)
Net earnings	$ 282	$ 242
Per share, basic:	$ 4.43	$ 3.77
Per share, diluted:	$ 2.44	$ 2.31

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30	
	1998	1997
Operating revenues:		
Passenger	$ 7,514	$ 7,481
Cargo	439	410
Other	544	612
	8,497	8,503
Operating expenses:		
Salaries and related costs	2,609	2,468
ESOP compensation expense	490	410
Aircraft fuel	876	1,049

Commissions	645	750
Purchased services	713	617
Aircraft rent	452	472
Landing fees and other rent	431	442
Depreciation and amortization	383	350
Aircraft maintenance	297	295
Other	1,008	1,044
	7,904	7,897
Earnings from operations	593	606
Other income (expense):		
Interest expense	(173)	(140)
Interest capitalized	56	50
Interest income	30	23
Equity in earnings of affiliates	43	48
Miscellaneous, net	(24)	(28)
	(68)	(47)
Earnings before income taxes and distributions on preferred securities	525	559
Provision for income taxes	179	209
Earnings before distributions on preferred securities	346	350
Distributions on preferred securities	(3)	(3)
Net earnings	$ 343	$ 347
Per share, basic:	$ 5.05	$ 5.23
Per share, diluted:	$ 2.80	$ 3.26

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30 1998	1997
Cash and cash equivalents at beginning of period	$ 295	$ 229
Cash flows from operating activities	1,787	1,479
Cash flows from investing activities:		
Additions to property and equipment	(1,580)	(1,491)
Proceeds on disposition of property and equipment	351	27
Decrease (increase) in short-term investments	111	(54)
Other, net	(40)	(5)
	(1,158)	(1,523)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	823	-
Repayment of long-term debt	(103)	(38)
Principal payments under capital lease obligations	(209)	(80)
Purchase of equipment certificates under Company operating leases	(693)	-
Increase in short-term borrowings	10	60

Aircraft lease deposits	(149)	(56)
Other, net	(15)	6
	(336)	(108)
Increase (decrease) in cash and cash equivalents	293	(152)
Cash and cash equivalents at end of period	$ 588	$ 77
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 111	$ 81
Income taxes	$ 67	$ 117
Non-cash transactions:		
Capital lease obligations incurred	$ 465	$ 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 and six 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. Additionally, 2,087,531 shares of Class 1 ESOP Preferred Stock were allocated under the Leveraged ESOP. Finally, an additional 1,536,986 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 dividends on ESOP Preferred Stock and other tax credits, partially offset by state income taxes 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 June 30 1998	Three Months Ended June 30 1997	Six Months Ended June 30 1998	Six Months Ended June 30 1997
Net Income	$ 282	$ 242	$ 343	$ 347
Preferred stock dividends and other	(25)	(19)	(52)	(38)
Earnings attributable to common stockholders (Basic and Diluted)	$ 257	$ 223	$ 291	$ 309
Shares (Millions)				
Weighted average shares outstanding (Basic)	57.9	59.3	57.6	59.0
Convertible ESOP preferred stock	45.7	34.4	44.4	33.0
Other	1.7	2.9	1.8	2.8
Weighted average number of shares (Diluted)	105.3	96.6	103.8	94.8
Earnings Per Share				
Basic	$4.43	$3.77	$5.05	$5.23
Diluted	$2.44	$2.31	$2.80	$3.26

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 $65 million from internally generated funds, were used to refinance $669 million face-value of equipment certificates supporting leveraged lease transactions between United and various lessors. During the second quarter, the Company purchased an additional $24 million face-value of equipment certificates using internally generated funds. While the terms of the original leases between United and these lessors remain unchanged, these actions effectively satisfy future minimum payments under these leases of $1,038 million, which are scheduled for payment as follows:

(In millions)

1998	1999	2000	2001	2002	After 2002	Total
$ 44	$ 63	$ 64	$ 64	$ 59	$744	$1,038

Additionally, in connection with the acquisition of one B747, four A319 aircraft, and several aircraft simulators, the Company issued $219 million of secured notes during the period.

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 June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Net earnings, as reported	$ 282	$ 242	$ 343	$ 347
Other comprehensive income	(1)	1	(1)	(2)
Total comprehensive income	$ 281	$ 243	$ 342	$ 345

Accumulated other comprehensive income included in other stockholders' equity was $(3) million and $(2) million at June 30, 1998 and December 31, 1997, respectively.

Contingencies and Commitments

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

At June 30, 1998, commitments for the purchase of property and equipment, principally aircraft, approximated $8.1 billion, after deducting advance payments. An estimated $1.5 billion will be spent during the remainder of 1998, $2.2 billion in 1999, $2.0 billion in 2000 and $2.4 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 amounts include a recent order with Airbus Industrie for an additional 10 A319 and 12 A320 aircraft to be delivered through 2001. 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.

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

LIQUIDITY AND CAPITAL RESOURCES

UAL's total of cash and cash equivalents and short-term investments was $1.027 billion at June 30, 1998, compared to $845 million at December 31, 1997. Cash flows from operating activities for the six-month period amounted to $1.8 billion. Financing activities included principal payments under debt and capital lease obligations of $103 million and $209 million, respectively and deposits of an equivalent $149 million in Japanese yen, French francs and German marks with certain banks in connection with the financing of capital lease transactions. Additionally, the Company issued $823 million in debt during the period and used part of the proceeds to purchase $693 million in equipment 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 $1.6 billion, while property dispositions resulted in proceeds of $351 million. In the first six months of 1998, United took delivery of five A320, six A319, four B777, two B757, one B767 and one B747 aircraft. Seventeen of the aircraft were purchased and two were acquired under capital leases. Eight of the aircraft purchased during the period were later sold and then leased back. In addition, United acquired two B727 and two DC10-10 aircraft off lease during the first six months and retired nineteen B737 and three B747 aircraft.

At June 30, 1998, commitments for the purchase of property and equipment, principally aircraft, approximated $8.1 billion, after deducting advance payments. Of this amount, an estimated $1.5 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 $593 million in the first six months of 1998, compared to operating earnings of $606 million in the first six months of 1997. UAL's net earnings were $343 million ($5.05 per share, basic; $2.80 per share, diluted), compared to net earnings of $347 million during the same period of 1997 ($5.23 per share, basic; $3.26 per share, diluted).

In the second quarter of 1998, UAL's earnings from operations were $470 million compared to operating earnings of $412 million in the second quarter of 1997. UAL had net earnings in the 1998 second quarter of $282 million ($4.43 per share, basic; $2.44 per share, diluted), compared to net earnings of $242 million in the same period of 1997 ($3.77 per share, basic; $2.31 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. No adjustments are made to Fully Distributed earnings to take into account 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 (in millions, except per share):

	Three Months Ended				Six Months Ended			
	June 30, 1998		June 30, 1997		June 30, 1998		June 30, 1997	
	GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed	GAAP (diluted)	Fully Distributed
Net Income	$ 282	$ 418	$ 242	$ 376	$ 343	$ 637	$ 347	$ 591
Per share	$2.44	$3.24	$2.31	$2.82	$2.80	$4.91	$3.26	$4.44

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

Second Quarter 1998 Compared with Second Quarter 1997

Operating revenues increased $60 million (1%) and United's revenue per available seat mile (unit revenue) decreased 1% to 10.29 cents. Passenger revenues increased $94 million (2%) despite a slight decrease in yield from 12.59 to 12.58 cents due to a 3% increase in United's revenue passenger miles. Available seat miles across the system were up 2% over the second quarter of 1997, resulting in a passenger load factor increase of 0.1 point to 72.6%. The following analysis by market is based on information reported to the U.S. Department of Transportation:

	Increase (Decrease)		
	Capacity (ASMs)	Revenue Passenger Miles	Revenue per Revenue Passenger Mile (Yield)

Domestic	4%	5%	4%
Pacific	(11%)	(11%)	(13%)
Atlantic	17%	14%	(5%)
Latin America	18%	10%	(9%)

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. Yields in other international markets have been impacted by a negative pricing environment, as well as the strength of the U.S. dollar.

Cargo revenues increased $9 million (4%) on increased freight ton miles of 5%. A 1% higher freight yield was offset by a 1% lower mail yield, resulting in no change to cargo yield for the period. Other operating revenues decreased $43 million (14%) due primarily to the sale of the Apollo Travel Services Partnership ("ATS") in July 1997, partially offset by increases in frequent flyer program partner-related revenues and contract sales to third parties.

Operating expenses increased $2 million (0.1%) and United's cost per available seat mile decreased 2%, from 9.46 cents to 9.25 cents, including ESOP compensation expense. Without the ESOP compensation expense, United's cost per available seat mile would have been 8.71 cents, a decrease of 2% from the 1997 second quarter. ESOP compensation expense increased $6 million (3%), reflecting a slight 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. Purchased services increased $66 million (21%) due to increases in computer reservations fees, as a result of the sale of ATS, credit card discounts and communications expense. Depreciation and amortization increased $18 million (10%) due to an increase in the number of owned aircraft and aircraft under capital lease. Salaries and related costs increased $72 million (6%) due to ESOP mid-term wage adjustments which took place in July 1997 and to increased staffing in certain customer-contact positions. Commissions decreased $58 million (15%) 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 fuel decreased $60 million (12%) due to a 14% decrease in the cost of fuel from 67.4 cents to 58.0 cents a gallon. Aircraft maintenance decreased $16 million (10%) due to a decrease in unscheduled engine overhauls. Aircraft rent decreased $16 million (7%) due to a decrease in the number of aircraft under operating lease. Other expenses decreased $14 million (3%) as a result of the sale of ATS.

Other expense amounted to $41 million in the second quarter of 1998 compared to $24 million in the second quarter of 1997. Interest expense increased $22 million (31%) due to the issuance of long-term debt in 1997 and 1998. Interest income increased $3 million (27%) due to higher average interest rates, as well as higher investment balances.

Six Months 1998 Compared with Six Months 1997

Operating revenues decreased $6 million (0.1%) and United's revenue per available seat mile (unit revenue) decreased 2% to 10.07 cents. Passenger revenues increased $33 million (0.4%) despite a slight decrease in yield from 12.69 to 12.67 cents due to a 1% increase in United's revenue passenger miles. Available seat miles across the system were up 2%; however passenger load factor decreased 1.3 points to 69.9%. The following analysis by market is based on information reported to the U.S. Department of Transportation:

	Increase (Decrease)		
	Capacity (ASMs)	Revenue Passenger Miles	Revenue Per Revenue Passenger Mile (Yield)
Domestic	3%	2%	3%
Pacific	(8%)	(12%)	(9%)
Atlantic	17%	14%	(4%)

Latin America	18%	9%	(7%)

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. Yields in other international markets have also been impacted by a negative pricing environment, as well as the strength of the U.S. dollar.

Cargo revenues increased $29 million (7%) on increased freight ton miles of 11%. A 1% lower freight yield was only partially offset by a slightly higher mail yield, resulting in a 1% decrease in cargo yield for the period. Other operating revenues decreased $68 million (11%) due primarily to the sale of the Apollo Travel Services Partnership ("ATS") in July 1997, partially offset by increases in frequent flyer program partner-related revenues and contract sales to third parties.

Operating expenses increased $7 million (0.1%) and United's cost per available seat mile decreased 2%, from 9.59 cents to 9.38 cents, including ESOP compensation expense. Without the ESOP compensation expense, United's cost per available seat mile would have been 8.80 cents, a decrease of 3% from the 1997 six-month period. ESOP compensation expense increased $80 million (20%), 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. Purchased services increased $96 million (16%) due to increases in computer reservations fees, as a result of the sale of ATS, credit card discounts and communications expense. Depreciation and amortization increased $33 million (9%) due to an increase in the number of owned aircraft and aircraft under capital lease. Salaries and related costs increased $141 million (6%) due to ESOP mid-term wage adjustments which took place in July 1997 and to increased staffing in certain customer-contact positions. Commissions decreased $105 million (14%) 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 fuel decreased $173 million (17%) due to an 18% decrease in the cost of fuel from 72.8 cents to 59.8 cents a gallon. Aircraft rent decreased $20 million (4%) due to a decrease in the number of aircraft under operating lease. Other expenses decreased $36 million (3%) as a result of the sale of ATS.

Other expense amounted to $68 million in the first six months of 1998 compared to $47 million in the first six months of 1997. Interest expense increased $33 million (24%) due to the issuance of long-term debt in 1997 and 1998. Interest income increased $7 million (30%) due to higher average interest rates as well as higher investment balances.

LABOR AGREEMENTS & WAGE ADJUSTMENTS

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). On July 17, 1998, the NMB announced that the IAM had received sufficient votes to represent United's public contact employees. As a result, the IAM becomes the bargaining representative for these employees and will begin negotiations regarding a contract for the affected employees, a process which is expected to last for several months.

Also in July, 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-tier wage structure will be eliminated 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 post-ESOP employees will match those of employees hired prior to February 1, 1994, including company-paid medical, dental and pension. The Company expects the increase in Salaries and related costs resulting from this change to be immaterial.

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. On July 24, 1998, United filed comments on the proposed policy, opposing the policy as being anti-competitive, anti-consumer and outside of the DOT's administrative authority. Rebuttals to these comments are due September 8, 1998.

In a related matter, Congress is considering a proposal that calls for significant additional studies concerning the various factors which may impact competition in the airline industry. If passed, this legislation would suspend implementation of the above stated DOT policy until the required studies are complete.

UNITED-DELTA ALLIANCE

On April 30, 1998, United announced a tentative, seven-year bilateral alliance with Delta Air Lines, Inc. ("Delta"). The alliance would allow code-sharing between the carriers, if approved by both carriers' pilot unions, as well as reciprocal participation in frequent flyer programs.

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.

Effective September 1, 1998, United and Delta will participate in each other's frequent flyer programs. Frequent flyer members can earn miles on United and Delta flights within the United States, Puerto Rico and the U.S. Virgin Islands and choose to credit the miles to their frequent flyer account with either carrier. In addition, members will ultimately be able to redeem miles on either carrier's domestic route network. However, a start date for this benefit has yet to be determined.

YEAR 2000 COMPLIANCE

UAL's 1997 Annual Report on Form 10-K outlined the Company's efforts to identify and fix critical date-sensitive systems. Remediation and testing of all internally used software is currently underway. The Company still expects to complete remediation efforts by December 31, 1998 and system integration testing by April 30, 1999. UAL also continues to remain on schedule with its efforts to identify and fix Year 2000 issues related to other operational systems and relationships with key business partners. The Company has completed the inventory of all date-sensitive systems and equipment, and the technical assessment of impacts and development of remediation approach are underway. The Company still expects to complete the assessment and development stages of its plan by the end of September 1998, at which time it will make an estimate of the overall costs to achieve Year 2000 compliance. However, based on its efforts to date, the Company has identified $50 million in costs, $15 million of which has already been spent, $20 million which is to be spent over the remainder of 1998 and $15 million which is to be spent in 1999, relating to Year 2000 compliance efforts. Of this amount, $15 million is expected to be capitalized and $35 million will be recognized as expense. All amounts expected to be recognized as expense in 1998 have been taken into consideration in the earnings guidance discussed in "Outlook for 1998". Because the Company has not yet completed its assessment, it is still possible that the Company's final estimate of costs to achieve Year 2000 compliance could differ significantly from the amounts discussed above.

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 1998

In 1998, available seat miles are expected to increase approximately 2.7%, with total system revenue per available seat mile being a little less than 1% below 1997's level. Costs per available seat mile excluding ESOP charges are expected to be just under 1% better than 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 third 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 increase by about 0.5% compared to the same period of 1997. Costs per available seat mile excluding ESOP charges are expected to be approximately 0.5% higher than the third 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 half results, the Company anticipates its "fully distributed" earnings per share in 1998 will slightly 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 and in the paragraph "Year 2000 Compliance" 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 terms and timing of a collective bargaining agreement for passenger service employees, 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. Some factors that could significantly impact the Company's expected Year 2000 compliance and the estimated cost thereof include: the results of the technical assessment of date-sensitive systems and equipment and the ability of key business partners, including the Federal Aviation Administration, to achieve Year 2000 compliance.

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
Purchased call contracts - Crude oil	$ 511	$19.03/bbl	$ 7
- Heating oil	$ 37	$ 0.53/gal	$ -
Sold put contracts - Crude oil	$ 513	$18.26/bbl	$ (83)
- Heating oil	$ 36	$ 0.51/gal	$ (8)

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

At the annual meeting of the stockholders of UAL Corporation on May 7, 1998, the following matters were voted upon:

Description	Votes	
1. Election of Board of Directors		
Public Directors:		
John A. Edwardson	50,752,011	For
	891,873	Withheld
Gerald Greenwald	50,703,913	For
	939,971	Withheld
John F. McGillicuddy	48,008,209	For
	3,635,675	Withheld
James J. O'Connor	50,773,800	For
	870,084	Withheld
Paul E. Tierney, Jr.	50,695,044	For
	948,840	Withheld
Independent Directors:		
John W. Creighton, Jr.	4	For
	0	Withheld
Duane D. Fitzgerald	4	For
	0	Withheld
Richard D. McCormick	4	For
	0	Withheld
John K. Van de Kamp	4	For
	0	Withheld
ALPA Director:		
Michael H. Glawe	1	For
	0	Withheld
IAM Director:		
John F. Peterpaul	1	For
	0	Withheld
Salaried/Management Employee Director:		
Deval L. Patrick	3	For
	0	Withheld

2.	Ratification of the Appointment of Independent Public Accountants Accountants	115,859,797	For
		3,568,234	Against
		2,609,006	Abstain
		0	Broker Non-Votes

Item 5. Other Information.

The following is notice pursuant to Rule 14a-5(e)(2) and Rule 14a-4(c)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regarding UAL's use of its discretionary proxy voting authority with respect to a non-Rule 14a-8 shareholder proposal:

If a proponent of a stockholder proposal fails to notify the Company on or before January 26, 1999 (or by an earlier or later date, if such date is adopted as an amendment to the Company's Bylaws), then management proxies will be allowed to use their discretionary voting authority if the proposal is raised at the 1999 annual meeting of stockholders.

This notice provision applies only to proposals submitted outside the process of Rule 14a-8 of the Exchange Act and not to proposals submitted pursuant to Rule 14a-8 for inclusion in the Company's proxy statement for its 1999 annual meeting of stockholders.

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 and Form 8-K/A, both 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: August 6, 1998

Exhibit Index

Exhibit No.	Description
10.1	UAL Corporation 1998 Restricted Stock Plan, adopted May 7, 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
May 7, 1998

UAL CORPORATION

1998 RESTRICTED STOCK PLAN

1. Purpose.

The purposes of the Plan are to attract and retain key employees of the Company and its Subsidiaries, to compensate them for their contributions to the growth and profits of the Company and its Subsidiaries and to encourage ownership by them of shares of Common Stock of the Company.

2. Definitions.

(a) "Company" shall mean UAL Corporation.

(b) "Subsidiary" or "Subsidiaries" shall mean a corporation or corporations of which the Company owns, directly or indirectly, shares having a majority of the ordinary voting power for the election of directors.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Committee" shall mean, as applicable, the Compensation Administration Committee of the Board of Directors of the Company for all grants to any "officer" as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended, and the Compensation Committee of the Board of Directors of the Company for all other grants.

(e) "Plan" shall mean the UAL Corporation 1998 Restricted Stock Plan.

(f) "Restricted Share" shall mean a share of Common Stock of the Company, par value $.01 per share ("Common Stock") allocated to a Recipient pursuant to the Plan.

(g) "Recipient" shall mean an employee of the Company or a Subsidiary to whom Restricted Shares are allocated pursuant to the Plan and shall be deemed to include such Recipient's estate and the beneficiaries of such estate as the context may require.

3. Restricted Shares Available Under the Plan.

(a) Subject to the provisions of Section 3(b), the maximum number of shares of Common Stock that may be delivered to Recipients and their beneficiaries shall be equal to 309,120, plus any shares that are represented by awards granted under the 1988 Restricted Stock Plan ("Prior Plan") that are forfeited, canceled, or are not delivered because the award is settled in cash or used to satisfy the applicable tax withholding obligation (1). To the extent shares of Common Stock are not delivered to a Recipient or beneficiary with respect to an award of Restricted Shares because the award is forfeited or canceled, or are not delivered because the award is settled in cash or used to satisfy the applicable tax withholding obligation, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Common Stock available for delivery under the Plan. All shares granted under the Plan shall be treasury shares.

(b) In the event of any merger, consolidation, reorganization, recapitalization, or other change in corporate structure of the Company, appropriate adjustment shall be made in the aggregate number and type of Restricted Shares which may be allocated under the Plan and to the number and type of Restricted Shares allocated to any individual. Such adjustment shall be made by the Committee, whose determination as to what adjustment shall be made, and the extent thereof, shall be final. No fractional shares of stock shall be allocated or authorized by any such adjustment. In the event of a stock dividend or stock split, the aggregate number of shares which may be allocated to any individual shall be proportionately adjusted.

4. Eligibility and Making of Allocations.

(a) Any officer or key employee of the Company or any Subsidiary shall be eligible to receive one or more allocations of Restricted Shares pursuant to the Plan.

(b) The Committee shall from time to time select those employees who will receive allocations and determine the number of Restricted Shares subject to each such allocation.

5. Form of Allocations.

Each allocation shall specify the number of Restricted Shares subject thereto. At the time of making any allocation, the Committee or its designee shall advise the Recipient thereof by delivery of written notice in the form prescribed by the Committee.

6. Action Required.

The Recipient shall deliver to the Company an agreement in writing, by such Recipient, in form and substance as prescribed by the Committee, together with a stock power, duly endorsed in blank, relating to such Restricted Shares.

7. Restrictions.

(a) During the Restricted Period (as hereinafter defined), Recipient shall not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the Restricted Shares. Upon allocation, however, Recipient shall thereupon be a stockholder with respect to all shares allocated and shall have all the rights of a stockholder with respect to such shares, including the right to vote such shares and to receive all dividends and other distributions.

(b) The term "Restricted Period" with respect to Restricted Shares shall mean any period as set by the Committee, not to exceed ten years, said period to end sooner, upon the occurrence of any of the following:

(i) the dissolution of the Company, or any merger or consolidation of the Company where the Company is not the surviving corporation and the surviving corporation does not agree to exchange the Restricted Shares outstanding hereunder for shares of stock or securities of which it is the issuer having an aggregate value equal to the aggregate value of such Restricted Shares;

(ii) a determination by the Committee at any time to accelerate or terminate such Restricted Period, but only to the extent of such determination.

(c) Unless and to the extent the Committee determines to end the Restricted Period with respect to any such Restricted Shares pursuant to Section 7(b)(ii), if a Recipient ceases to be an employee of the Company or any Subsidiary for any reason, all of such Recipient's Restricted Shares which at such time remain subject to the restrictions imposed hereunder shall be forfeited and returned to the Company, and the Restricted Share reserve shall be increased by the number of shares returned and such Restricted Shares may again be subject to allocations under the Plan.

(d) The restrictions set forth in Section 7(c) shall lapse with respect to Restricted Shares when the Restricted Period applicable to such shares expires, as described in Section 7(b).

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(1) The 309,120 number represents the number of shares reserved for grant under Prior Plan which have not been granted as of May 7, 1998. The total number of restricted shares outstanding under grants made under Prior Plan is 157,680.

8. Administration.

The Committee shall administer the Plan and construe its provisions. The Committee is authorized, in its discretion and subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan, to determine such other terms and conditions of Restricted Shares, and to make such other determinations and interpretations and to take such action in connection with the Plan as it deems necessary or advisable. All determinations by the Committee in carrying out, administering or construing this Plan shall be final, binding and conclusive for all purposes and upon all persons interested herein.

9. Limitations.

(a) Except as provided herein, no person shall at any time have any right to receive an allocation of Restricted Shares hereunder, and no person shall have authority to enter into an agreement for the making of an allocation hereunder or to make any representation or warranty with respect thereto without the approval of the Committee and the Board.

(b) Recipients of allocations shall have no rights in respect thereof except as set forth in the Plan. No Recipient shall have any rights as a stockholder with respect to any shares reserved for allocation hereunder nor shall any such shares be earmarked for any Recipient prior to the date of delivery of such shares.

(c) Neither the action of the Company in establishing the Plan, nor any action taken by it or by the Board or the Committee under the Plan, nor any provision of the Plan, shall be construed as giving to any person the right to be retained in employment with the Company or any Subsidiary.

10. Amendment, Suspension, Extension or Termination of the Plan in Whole or in Part.

The Board may amend, suspend, extend or terminate the Plan in whole or in part at any time, provided that such amendment, suspension, extension or termination shall not, without a Recipient's consent, affect adversely such Recipient's rights with respect to allocations of Restricted Shares theretofore made.

11. Withholding.

The Company shall be entitled to withhold the amount of taxes which the Company deems necessary to satisfy any applicable federal, state and local tax withholding obligations arising from allocations of or the lapse of restrictions on Restricted Shares under the Plan, or to make other appropriate arrangements with Recipients to satisfy such obligations. At the discretion of the Committee, the Company may deduct or withhold from any transfer or payment to a Recipient, or may receive payment from a Recipient, in the form of cash or other property, including shares of Common Stock of the Company. If such withholding is satisfied with Restricted Shares for which the applicable Restricted Period has lapsed, the Restricted Shares reserve shall be increased by the amount of the shares so withheld and may again be subject to allocations under the Plan.

12. Effective Date and Term of Plan.

(a) The Plan was adopted by the Board on May 7, 1998.

(b) The Plan shall terminate ten (10) years after the date of its adoption by the Board, unless terminated sooner or extended later by the Board. No Restricted Shares may be allocated under the Plan after its termination date, but the Plan shall continue in effect with respect to all Restricted Shares which, as of such termination date, have been allocated under the Plan.

Exhibit 12.1

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Six Months Ended June 30	
	1998	1997
	(In Millions)	
Earnings:		
Earnings before income taxes	$ 525	$ 559
Fixed charges, from below	475	482
Undistributed earnings of affiliates	(37)	(40)
Interest capitalized	(56)	(50)
Earnings	$ 907	$ 951
Fixed charges:		
Interest expense	$ 173	$ 140
Portion of rental expense representative of the interest factor	302	342
Fixed charges	$ 475	$ 482
Ratio of earnings to fixed charges	1.91	1.97

Exhibit 12.2

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

and Preferred Stock Dividend Requirements

	Six Months Ended June 30	
	1998	1997
	(In Millions)	
Earnings:		
Earnings before income taxes	$ 525	$ 559
Fixed charges, from below	560	546
Undistributed earnings of affiliates	(37)	(40)
Interest capitalized	(56)	(50)
Earnings	$ 992	$1,015
Fixed charges:		
Interest expense	$ 173	$ 140
Preferred stock dividend requirements	85	64
Portion of rental expense representative of the interest factor	302	342
Fixed charges	$ 560	$ 546
Ratio of earnings to fixed charges	1.77	1.86

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED
FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED OPERATIONS FOR
THE SIX MONTHS ENDED JUNE 30, 1998 AND CONDENSED STATEMENT OF
CONSOLIDATED FINANCIAL POSITION AS OF JUNE 30, 1998 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
1,000,000

DEC-31-1998
JAN-01-1998
JUN-30-1998
6-MOS
588
439
1,331
0
425
3,348
17,890
5,781
18,269
5,857
4,635
101
0
1
2,990
18,269
0
8,497
0
7,904
0
0
173
525
179
343
0
0
0
343
5.05
2.80