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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 26, 2009

**UAL CORPORATION
UNITED AIR LINES, INC.**

(Exact name of registrant as specified in its charter)

Delaware
Delaware
(State or other jurisdiction
of incorporation)

001-06033
001-11355
(Commission File Number)

36-2675207
36-2675206
(IRS Employer
Identification Number)

77 W. Wacker Drive, Chicago, IL
(Address of principal executive offices)

60601
(Zip Code)

(312) 997-8000
Registrant's telephone number, including area code

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On July 2, 2009, United Air Lines, Inc. (“United”) issued and sold \$175,000,000 aggregate principal amount at maturity of 12.75% senior secured notes due 2012 (the “Notes”). The Notes are offered pursuant to the Prospectus Supplement, dated June 26, 2009 (the “Prospectus Supplement”), to the Prospectus, dated December 1, 2008 (the “Prospectus”), which forms a part of an automatic shelf registration statement on Form S-3 ASR (Registration No. 333-155794) (the “Registration Statement”) of UAL Corporation (the “Company”) and United, filed with the Securities and Exchange Commission on December 1, 2008.

The Company and United entered into an underwriting agreement, dated as of June 26, 2009 (the “Underwriting Agreement”), with Goldman, Sachs & Co. and Citigroup Global Markets Inc. (collectively, the “Underwriters”), in connection with the issuance and sale of the Notes. Delivery of the Notes was made under the Underwriting Agreement on July 2, 2009.

The Underwriters or their affiliates have from time to time provided and/or may in the future provide investment banking, commercial banking and financial advisory services to the Company, for which they have received or will receive customary compensation.

The Notes are being offered at a discount from their principal amount at maturity. The Notes will mature on July 15, 2012. The interest on the outstanding principal amount of the Notes is payable quarterly on January 15, April 15, July 15 and October 15 of each year, beginning October 15, 2009. The Notes will initially be secured by a lien on all aircraft spare parts owned by United that are located in the United States (subject to certain exceptions) (the “Collateral”) and may later also be secured by other collateral owned by United. The Notes will rank junior in right of payment to United’s debt secured by assets other than the Collateral to the extent of the value of such assets and will be structurally subordinated to all existing and future liabilities of United’s subsidiaries. United may redeem the Notes in whole or in part at any time and the Notes are subject to mandatory redemption in certain circumstances. The payment obligations of United under the Notes are fully and unconditionally guaranteed by the Company.

The Notes are issued under an indenture, dated as of July 2, 2009 (the “Indenture”), between United and Wells Fargo Bank Northwest, N.A., as trustee and collateral agent (the “Collateral Agent”). Under the Indenture, United is required to maintain certain Collateral ratio requirements or if a Collateral ratio requirement is not met, United is required to provide additional collateral or to redeem some or all of the Notes within 45 days. Three Mortgage and Security Agreements (each a “Mortgage”), each between United and the Collateral Agent, dated as of July 2, 2009, set forth the terms of the first priority security interest in the Collateral, one Mortgage covering Section 1110 eligible Collateral, one Mortgage covering Collateral not eligible for Section 1110 protection and one Mortgage covering other collateral owned by United that may later be used as security.

The foregoing description of the Underwriting Agreement, the Indenture and the Mortgages is qualified in its entirety by reference to these agreements and instruments, copies of which are filed herewith as exhibits, and are incorporated by reference herein. For a more detailed description of the agreements and instruments entered into by United and the Company with respect to the Notes, see the disclosure under the captions “Description of the Notes” and “Underwriting” contained in the Prospectus Supplement.

Item 2.03. Creation of Direct Financial Obligation.

See Item 1.01.

Item 9.01. Financial Statements and Exhibits.

Exhibit 4.8, Exhibit 4.15, Exhibit 4.16, Exhibit 4.17 and Exhibit 4.18 supersede such Exhibits filed on June 26, 2009 on our Current Report on Form 8-K. Exhibit 1.3, Exhibit 4.8, Exhibit 4.15, Exhibit 4.16, Exhibit 4.17, Exhibit 4.18 and Exhibit 4.19 are incorporated by reference into the Registration Statement on Form S-3ASR (333-155794) of UAL Corporation and United Air Lines, Inc. as exhibits thereto and are filed as part of this Current Report on Form 8-K.

<u>Exhibit No.</u>	<u>Description</u>
1.3	Underwriting Agreement, dated 26, 2009, among Goldman, Sachs & Co. and Citigroup Global Markets Inc., United Air Lines, Inc. and UAL Corporation.
4.8	Guarantee, dated as of July 2, 2009 from UAL Corporation.
4.15	Indenture, dated as of July 2, 2009, among United Air Lines, Inc., as issuer, Wells Fargo Bank Northwest, N.A. as Trustee and Wells Fargo Bank Northwest, N.A. as Collateral Agent.
4.16	A Mortgage and Security Agreement, dated as of July 2, 2009, between United Air Lines, Inc., and Wells Fargo Bank Northwest, N.A., the Collateral Agent.
4.17	B Mortgage and Security Agreement, dated as of July 2, 2009, between United Air Lines, Inc., and Wells Fargo Bank Northwest, N.A., the Collateral Agent.
4.18	C Mortgage and Security Agreement, dated as of July 2, 2009, between United Air Lines, Inc., and Wells Fargo Bank Northwest, N.A., the Collateral Agent.
4.19	Form of Note representing all 12.75% Senior Secured Notes due 2012.

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 hereunto duly authorized.

**UAL CORPORATION
UNITED AIR LINES, INC.**

By: /s/ Kathryn A. Mikells
Name: Kathryn A. Mikells
Title: Senior Vice President and
Chief Financial Officer

Date: July 2, 2009

EXHIBIT INDEX

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* Filed herewith electronically

UNITED AIR LINES, INC.
\$175,000,000 12.75 % Senior Secured Notes due 2012

UNDERWRITING AGREEMENT

June 26, 2009

GOLDMAN, SACHS & CO.
85 Broad Street
New York, New York 10004

CITIGROUP GLOBAL MARKETS INC.
388 Greenwich Street
New York, New York 10013

As Representatives of the several Underwriters

Ladies and Gentlemen:

United Air Lines, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the underwriters named in Schedule I hereto \$175,000,000 aggregate principal amount of its senior secured notes due 2012 (the "Notes") on the terms and conditions stated herein. The Notes will be issued under an indenture dated as of July 2, 2009 (the "Indenture") between the Company and Wells Fargo Bank Northwest, National Association, as trustee (the "Trustee") and as collateral agent (the "Collateral Agent"). The Notes will be secured by a first priority security interest in certain of the Company's aircraft spare parts under, and in accordance with, the terms of three separate Mortgage and Security Agreements, each between the Company and the Collateral Agent dated as of the Closing Date (as defined below) in the forms annexed to the Indenture (collectively, the "Mortgages"), one covering Section 1110 spare parts, the second covering non-Section 1110 spare parts and the third covering aircraft and/or engines that may be pledged from time to time after the Closing Date in accordance with the terms of the Indenture. The Notes will be guaranteed by UAL Corporation, a Delaware corporation (the "Parent Guarantor") as described in the Guarantee (as defined in the Indenture).

As used herein, unless the context otherwise requires, the term "Underwriters" shall mean the firms named as Underwriters in Schedule I, and the term "you" shall mean, collectively, Goldman, Sachs & Co. ("GS") and Citigroup Global Markets Inc. ("Citi").

The Company and the Parent Guarantor have filed with the Securities and Exchange Commission (the “Commission”) an automatic shelf registration statement on Form S-3 (File No. 333-155794) relating to various securities, including notes (the “Shelf Securities”), to be issued from time to time by the Company and the Parent Guarantor. The registration statement (including the respective exhibits thereto and the respective documents filed by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Exchange Act”), that are incorporated by reference therein), as amended to and including the date of this Agreement, including the information (if any) deemed retroactively to be part of the registration statement pursuant to Rule 430B under the Securities Act of 1933, as amended (the “Securities Act”), that has not been superseded or modified (and the Underwriters confirm that the first contract of sale of the Notes by the Underwriters was made on the date of this Agreement), is hereinafter referred to as the “Registration Statement”, and the related prospectus covering the Shelf Securities dated December 1, 2008 filed as part of the Registration Statement, in the form first used to confirm sales of the Notes, is hereinafter referred to as the “Basic Prospectus”. The Basic Prospectus, as supplemented by the final prospectus supplement specifically relating to the Notes in the form first used to confirm sales of the Notes in accordance with Section 4(d) hereof is hereinafter referred to as the “Prospectus”, and the term “preliminary prospectus” means any preliminary form of the Prospectus filed with the Commission pursuant to Rule 424 under the Securities Act. For purposes of this Agreement, (i) “free writing prospectus” has the meaning set forth in Rule 405 under the Securities Act and (ii) “Time of Sale Prospectus” means the preliminary prospectus together with the free writing prospectuses, if any, each identified in Schedule III hereto. As used herein, the terms “Registration Statement”, “Basic Prospectus”, “preliminary prospectus”, “Time of Sale Prospectus” and “Prospectus” shall include the documents, if any, incorporated by reference therein. The terms “supplement”, “amendment” and “amend” as used herein with respect to the Registration Statement, the Basic Prospectus, the Time of Sale Prospectus, any preliminary prospectus or any free writing prospectus shall include all documents subsequently filed by the Company with the Commission pursuant to the Exchange Act and incorporated by reference therein.

Capitalized terms used but not defined in this Underwriting Agreement (the “Agreement”) shall have the meanings specified therefor in the Indenture and the Mortgages (defined in the Indenture); provided that, as used in this Agreement, the term “Operative Agreements” shall mean the Indenture, the Guarantee, the Notes and the Security Documents.

1. Representations and Warranties. (a) Each of the Company and the Parent Guarantor represents and warrants to, and agrees with each Underwriter that:

(i) The Company and the Parent Guarantor meet the requirements for use of Form S-3 under the Securities Act; the Registration Statement has become effective; and, on the original effective date of the Registration Statement, the Registration Statement complied in all material respects with the requirements of the Securities Act; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or, to the knowledge of the Company or the Parent Guarantor, threatened by the Commission. The Registration Statement is an “automatic shelf registration statement” (as defined in Rule 405 under the Securities Act),

the Parent Guarantor is a “well-known seasoned issuer” (as defined in Rule 405 under the Securities Act) and the Parent Guarantor and the Company are both eligible to use the Registration Statement as an automatic shelf registration statement, and the Company and the Parent Guarantor have not received notice that the Commission objects to the use of the Registration Statement as an automatic shelf registration statement. The Registration Statement does not, as of the date hereof, include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. As of its date and on the Closing Date, the Prospectus, as amended and supplemented, if applicable, does not and will not include an untrue statement of a material fact and does not and will not omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Registration Statement, as of the date hereof, complies and the Prospectus complies, and as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder. The Time of Sale Prospectus did not, as of 4:30 p.m., Eastern Time, on the date of this Agreement (the “Applicable Time”), and the Time of Sale Prospectus, as then amended or supplemented, if applicable, will not as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Any information included in any “issuer free writing prospectus” (as defined in Rule 433(h) under the Securities Act) used in connection with the offering of the Notes does not conflict with the information contained in the Registration Statement, including any prospectus or prospectus supplement that is part of the Registration Statement (including pursuant to Rule 430B under the Securities Act) and not superseded or modified. The preceding sentences do not apply to statements in or omissions from the Registration Statement, the Time of Sale Prospectus or the Prospectus based upon (A) written information furnished to the Company by any Underwriter expressly for use therein or (B) statements or omissions in that part of each Registration Statement which shall constitute the Statement of Eligibility of the Trustee under the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), on Form T-1.

(ii) Since the dates as of which information is given in the Time of Sale Prospectus, except as otherwise stated or incorporated by reference therein or contemplated thereby, there has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), business, properties or results of operations of the Parent Guarantor and its consolidated subsidiaries, taken as a whole.

(iii) The documents incorporated by reference in the Time of Sale Prospectus or the Prospectus, at the time they were filed with the Commission, complied or will comply, as the case may be, in all material respects with the requirements of the Exchange Act.

(iv) The Company is not an “ineligible issuer” pursuant to Rule 405 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant

to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed in connection with the offering of the Notes, or is required to file in connection with the offering of the Notes, pursuant to Rule 433(d) under the Securities Act complies or will comply in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule III hereto, neither the Company nor the Parent Guarantor has prepared, used or referred to, any free writing prospectus in connection with the offering of the Notes.

(v) Each of the Company and the Parent Guarantor has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own, lease and operate its property and to conduct its business as described in the Time of Sale Prospectus; and each of the Company and the Parent Guarantor is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the condition (financial or otherwise), business, properties or results of operations of the Parent Guarantor and its consolidated subsidiaries, taken as a whole (a "United Material Adverse Effect").

(vi) Each of the Company's subsidiaries listed on Schedule IV hereto (together, the "Subsidiaries") has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Time of Sale Prospectus; and each Subsidiary is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not have a United Material Adverse Effect; all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and validly issued and is fully paid and nonassessable; and, except as described in the Time of Sale Prospectus, each Subsidiary's capital stock owned by the Company, directly or through subsidiaries, is owned free from liens, encumbrances and defects.

(vii) Neither the Company nor the Parent Guarantor is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which it is a party or by which it may be bound or to which any of its properties may be subject, except for such defaults that would not have a United Material Adverse Effect. The execution, delivery and performance of this Agreement and the Operative Agreements to which the Company or the Parent Guarantor is or will be a party and the consummation by the Company or the Parent Guarantor of the transactions contemplated herein and therein have been duly authorized by all necessary corporate action of the Company or the Parent Guarantor and will not result in (i) any breach of any of the terms,

conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than any lien, charge or encumbrance created under any Operative Agreement) upon any property or assets of the Company or the Parent Guarantor pursuant to any indenture, loan agreement, contract, mortgage, note, lease or other instrument to which the Company or the Parent Guarantor is a party or by which the Company or the Parent Guarantor may be bound or to which any of the property or assets of the Company or the Parent Guarantor is subject, (ii) any violation of the provisions of the charter or by-laws of the Company or the Parent Guarantor or (iii) any violation of any statute, any rule, regulation, judgment, or order or decree of any government, governmental agency or body or court, domestic or foreign, having jurisdiction over the Company or the Parent Guarantor, except, in the case of clause (i) and (iii), for any such breach, default, lien, charge, encumbrance or violation as would not have a United Material Adverse Effect.

(viii) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the valid authorization, execution and delivery by the Company or the Parent Guarantor of this Agreement and the Operative Agreements to which they are or will be a party and for the consummation of the transactions contemplated herein and therein, except (x) such as may be required under the Securities Act, the Trust Indenture Act, the securities or "blue sky" or similar laws of the various states and of foreign jurisdictions or rules and regulations of the Financial Industry Regulatory Authority, Inc. ("FINRA") and (y) filings or recordings with the Federal Aviation Administration (the "FAA") and under the Uniform Commercial Code (the "UCC") or other laws in effect in any applicable jurisdiction governing the perfection of security interests, which filings or recordings referred to in this clause (y), with respect to any particular set of Operative Agreements, shall have been made, or duly presented for filing or recordation, or shall be in the process of being duly filed or filed for recordation, on or prior to the Closing Date.

(ix) This Agreement has been executed and delivered by the Company and the Parent Guarantor and each of the Operative Agreements to which the Company and the Parent Guarantor will be a party will be duly authorized, executed and delivered by the Company or the Parent Guarantor, as the case may be, on or prior to the Closing Date.

(x) The Indenture, when duly executed and delivered by the Company, assuming that the Indenture has been duly authorized, executed and delivered by, and constitutes the legal, valid and binding obligations of, each other party thereto, will constitute the valid and binding obligation of the Company, enforceable in accordance with its terms, except (w) as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (x) as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), (y) that the enforceability of the Indenture may also be limited by applicable laws which may affect the remedies provided therein but which do not affect the validity of the Indenture or make such remedies inadequate for the practical realization of the benefits

intended to be provided thereby and (z) with respect to indemnification and contribution provisions, as enforcement thereof may be limited by applicable law. The Indenture, when executed, will be duly qualified under the Trust Indenture Act.

(xi) Each of the Notes to be issued under the Indenture, when duly executed and delivered by the Company, duly authenticated by the Trustee in accordance with the terms of the Indenture, and paid for as provided in this Agreement, will be duly issued under the Indenture and will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except (w) as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (x) as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and (y) that the enforceability of the Indenture may also be limited by applicable laws which may affect the remedies provided therein but which do not affect the validity of the Indenture or make such remedies inadequate for the practical realization of the benefits intended to be provided thereby, and will be entitled to the benefits of the Indenture.

(xii) Each of the Operative Agreements (other than the Indenture and the Notes) to which the Company or the Parent Guarantor is or will be a party, when duly executed and delivered by the Company or the Parent Guarantor, as the case may be, assuming that such Operative Agreements have been duly authorized, executed and delivered by, and constitute the legal, valid and binding obligations of, each other party thereto, will constitute valid and binding obligations of the Company or the Parent Guarantor, as the case may be, enforceable in accordance with their terms, except (w) as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, (x) as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), (y) that the enforceability of the Operative Agreements may also be limited by applicable laws which may affect the remedies provided therein but which do not affect the validity of the Operative Agreements or make such remedies inadequate for the practical realization of the benefits intended to be provided thereby and (z) with respect to indemnification and contribution provisions, as enforcement thereof may be limited by applicable law.

(xiii) The consolidated financial statements of the Company incorporated by reference in the Time of Sale Prospectus, together with the related notes thereto, present fairly in all material respects the financial position of the Company and its consolidated subsidiaries at the dates indicated and the consolidated results of operations and cash flows of the Company and its consolidated subsidiaries for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved, except as otherwise stated therein and except that unaudited financial statements do not have all required footnotes.

(xiv) The Company is a “citizen of the United States” within the meaning of Section 40102(a)(15) of Title 49 of the United States Code, as amended, and holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49 of the United States Code, as amended, for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo. All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable, and, except as disclosed in the Time of Sale Prospectus, are owned by the Parent Guarantor, directly free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind.

(xv) Except as disclosed in the Time of Sale Prospectus, each of the Company and its Subsidiaries, and the Parent Guarantor have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, encumbrances and defects except where the failure to have such title would not have a United Material Adverse Effect; and except as disclosed in the Time of Sale Prospectus, each of the Company and its Subsidiaries, and the Parent Guarantor, hold any leased real or personal property under valid and enforceable leases with no exceptions that would have a United Material Adverse Effect.

(xvi) Except as disclosed in the Time of Sale Prospectus, there is no action, suit or proceeding before or by any governmental agency or body or court, domestic or foreign, now pending or, to the knowledge of the Company or the Parent Guarantor, threatened against the Company, any of its Subsidiaries, the Parent Guarantor, or any of their respective properties that individually (or in the aggregate in the case of any class of related lawsuits), could reasonably be expected to result in a United Material Adverse Effect or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Agreement or the Operative Agreements.

(xvii) No labor dispute with the employees of the Company, any subsidiary, or the Parent Guarantor, exists or, to the knowledge of the Company or the Parent Guarantor, is imminent that could reasonably be expected to have a United Material Adverse Effect.

(xviii) Except as disclosed in the Time of Sale Prospectus, each of the Company and the Subsidiaries has all licenses, permits, orders, consents, authorizations, approvals and certificates of and from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, necessary to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Prospectus, except to the extent that the failure to so obtain, declare or file would not have a United Material Adverse Effect.

(xix) Except as disclosed in the Time of Sale Prospectus, neither the Company nor any of its Subsidiaries is in violation of any statute, rule, regulation, decision or order

of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances (collectively, “environmental laws”), owns or operates any real property contaminated with any substance that imposes any liability under any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim individually or in the aggregate is reasonably expected to have a United Material Adverse Effect. The Company is not aware of any pending investigation which could lead to such a claim that could reasonably be expected to have a United Material Adverse Effect.

(xx) The accountants that examined and issued an auditors’ report with respect to the consolidated financial statements of the Company and the Parent Guarantor, and the financial statement schedules of the Company and the Parent Guarantor, if any, included or incorporated by reference in the Registration Statement, are independent public accountants within the meaning of the Securities Act with respect to the Company and the Parent Guarantor, as applicable.

(xxi) Each preliminary prospectus filed pursuant to Rule 424 under the Securities Act and included in the Time of Sale Prospectus, complied when so filed in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder.

(xxii) Neither the Parent Guarantor nor the Company is an “investment company”, or an entity “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended (the “Investment Company Act”), in each case required to register under the Investment Company Act; and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, neither the Parent Guarantor nor the Company will be an “investment company”, or an entity “controlled” by an “investment company”, as defined in the Investment Company Act, in each case required to register under the Investment Company Act.

(xxiii) This Agreement and the other Operative Agreements to which the Company or the Parent Guarantor is or will be a party will, upon execution and delivery thereof, conform in all material respects to the descriptions thereof contained in the Time of Sale Prospectus.

(xxiv) Simat, Helliesen & Eichner, Inc. (the “Appraiser”) is not an affiliate of the Company, the Parent Guarantor, and, to the knowledge of the Company or the Parent Guarantor, does not have a substantial interest, direct or indirect, in the Company or the Parent Guarantor. To the knowledge of the Company and the Parent Guarantor, none of the officers and directors of the Appraiser are connected with the Company, the Parent Guarantor or any of their respective affiliates as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

(xxv) Except as disclosed in the Time of Sale Prospectus, each of the Company and the Parent Guarantor (A) makes and keeps books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the

material assets of the Company and its consolidated subsidiaries, or the Parent Guarantor and its consolidated subsidiaries, as the case may be, and (B) maintains a system of internal accounting controls sufficient to provide reasonable assurances that (1) transactions are executed in accordance with management's general or specific authorization; (2) transactions are recorded as necessary: (x) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (y) to maintain accountability for assets; (3) access to material assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for material assets is compared with the existing material assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxvi) The information provided by the Company to the Appraiser for use by the Appraiser in preparation of its report relating to the Pledged Spare Parts dated as of June 22, 2009, taken as a whole with respect to such reports, as of the date such information was provided, did not contain an untrue statement of material fact or omit to state a material fact necessary to make such information not misleading.

(xxvii) Except for the filing of UCC-1 financing statements and the filing and due recording of the FAA Filed Documents, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the UCC) is necessary in order to establish and perfect the Collateral Agent's security interest in the Collateral under each Mortgage, as against any other person, in each case, in any applicable jurisdictions in the United States.

(xxviii) The Spare Parts constituting the Pledged Spare Parts represent, on the Closing Date, all of the Spare Parts owned by the Company which are located in the United States, excluding (x) Excluded Parts (other than Excluded Parts described in clause (i) of the definition thereof), (y) Spare Parts in transit in the ordinary course of the Company's business, and (z) Spare Parts (which are immaterial in amount) held by vendors, sub-vendors, suppliers or other third parties, in each case for purposes of this clause (z) holding such Spare Parts in the ordinary course of the Company's business at locations which are not Designated Locations.

(xxix) The Company's location (as such term is used in Section 9-307 of the UCC) is Delaware. The full and correct legal name and mailing address of the Company are correctly set forth in the introductory paragraph and Section 11 of this Agreement. The Company's organizational ID number is 0697327.

(xxx) With respect to the Pledged Spare Parts, the Company is the sole owner of (and holds good title to) such Pledged Spare Parts, subject only to the Permitted Liens.

(xxxi) On the Closing Date, the Collateral Agent will be entitled to the benefits of Section 1110 of the United States Bankruptcy Code (as currently in effect) with respect to the A Pledged Spare Parts as provided in the A Mortgage in the event of a case under Chapter 11 of the United States Bankruptcy Code in which Company is a debtor.

(b) The parties agree that any certificate signed by a duly authorized officer of the Company or the Parent Guarantor and delivered to an Underwriter, or to counsel for the Underwriters, on the Closing Date and in connection with this Agreement or the offering of the Notes, shall be deemed a representation and warranty by (and only by) the Company and/or the Parent Guarantor to the Underwriters as to the matters covered thereby.

2. Purchase, Sale and Delivery of Notes. (a) On the basis of the representations, warranties and agreements herein contained, but subject to the terms and the conditions herein set forth, the Company agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of 90.07% of the principal amount thereof, the aggregate principal amount of Notes set forth opposite the name of such Underwriter in Schedule I.

(b) The Company is advised by you that the Underwriters propose to make a public offering of the Notes as set forth in the Prospectus as soon after this Agreement has been entered into as in your judgment is advisable. The Company is further advised by you that the Notes are to be offered to the public initially at 90.07% of their principal amount — the public offering price — plus accrued interest, if any, and to certain dealers selected by the Underwriters at concessions not in excess of the concessions set forth in the Prospectus, and that the Underwriters may allow, and such dealers may reallow, concessions not in excess of the concessions set forth in the Prospectus to certain other dealers.

(c) As underwriting commission and other compensation to the Underwriters for their respective commitments and obligations hereunder in respect of the Notes, including their respective undertakings to distribute the Notes, the Company will pay to GS for the accounts of the Underwriters the amount set forth in Schedule II hereto, which amount shall be allocated among the Underwriters in the manner determined by GS and the Company. Such payment will be made on the Closing Date simultaneously with the issuance and sale of the Notes to the Underwriters. Payment of such compensation shall be made by Federal funds check or by wire transfer of immediately available funds.

(d) Delivery of and payment for the Notes shall be made at the offices of Vedder Price P.C., at 222 North LaSalle Street, Chicago, Illinois, 60601, at 10:00 A.M., Chicago, Illinois time, on July 2, 2009 or such other date, time and place as may be agreed upon by the Company and GS (such date and time of delivery and payment for the Notes being herein called the "Closing Date"). Delivery of the Notes shall be made to GS's account at The Depository Trust Company ("DTC") for the respective accounts of the several Underwriters against payment by the Underwriters of the purchase price thereof. Payment for the Notes shall be made by the Underwriters by wire transfer of immediately available funds to the designated account of the Company. The Notes shall be in the form of one or more fully registered global notes, and shall be deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co.

(e) The Company agrees to have the Notes available for inspection and checking by GS in Chicago, Illinois not later than 1:00 P.M. on the business day prior to the Closing Date.

(f) It is understood that each Underwriter has authorized GS, on its behalf and for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Notes that it has agreed to purchase. GS, individually and not as a representative, may (but shall not be obligated to) make payment of the purchase price for the Notes to be purchased by any Underwriter whose check or checks shall not have been received by the Closing Date.

3. Conditions of Underwriters' Obligations. The several obligations of the Underwriters to purchase and pay for the Notes pursuant to this Agreement are subject to the following conditions:

(a) On the Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued under the Securities Act and no proceedings therefor shall have been instituted or threatened by the Commission.

(b) On the Closing Date, you shall have received an opinion and 10b-5 statement of Vedder Price P.C., special aircraft counsel for the Company and Parent Guarantor, dated the Closing Date, in form and substance reasonably satisfactory to you.

(c) On the Closing Date, you shall have received an opinion and 10b-5 statement of Cravath, Swaine & Moore LLP, special securities law counsel for the Company and Parent Guarantor, dated the Closing Date, in form and substance reasonably satisfactory to you.

(d) On the Closing Date, you shall have received an opinion of the General Counsel or Assistant General Counsel of the Company, dated the Closing Date, in form and substance reasonably satisfactory to you.

(e) On the Closing Date, you shall have received an opinion of Ray Quinney & Nebeker P.C., counsel for Wells Fargo Bank Northwest, National Association, individually and as the Trustee and the Collateral Agent, dated the Closing Date, in form and substance reasonably satisfactory to you.

(f) On the Closing Date, you shall have received an opinion of Lytle Soulé & Curlee, special counsel in Oklahoma City, Oklahoma, dated the Closing Date, in form and substance reasonably satisfactory to you.

(g) On the Closing Date, you shall have received an opinion of Milbank, Tweed, Hadley & McCloy LLP, counsel for the Underwriters, dated as of the Closing Date, with respect to the issuance and sale of the Notes, the Registration Statement, the Time of Sale Prospectus, the Prospectus and other related matters as the Underwriters may reasonably require.

(h) Subsequent to the execution and delivery of this Agreement, there shall not have occurred any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of the Parent Guarantor and its consolidated subsidiaries taken as a whole that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to proceed with the completion of the public offering of the Notes on the terms and in the manner contemplated by the Time of Sale Prospectus.

(i) You shall have received on the Closing Date a certificate, dated the Closing Date and signed by the Senior Vice President and Chief Financial Officer, or Vice President and Treasurer or the Senior Vice President, General Counsel and Secretary of the Company, to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date as if made on the Closing Date (except to the extent that they relate solely to an earlier date, in which case they shall be true and accurate as of such earlier date), that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or prior to the Closing Date and that, subsequent to the execution and delivery of this Agreement, there shall not have occurred any material adverse change, or any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and its consolidated subsidiaries taken as a whole, except as set forth in or contemplated by the Time of Sale Prospectus.

(j) You shall have received from Deloitte & Touche LLP, (i) one or two letters, dated no later than the date hereof, in form and substance satisfactory to you, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information included or incorporated by reference in the Registration Statement, the preliminary prospectus and the prospectus, and (ii) a letter, dated the Closing Date, which meets the above requirements, except that the specified date therein referring to certain procedures performed by Deloitte & Touche LLP will not be a date more than three business days prior to the Closing Date for purposes of this subsection.

(k) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have been any downgrading in the rating accorded the Company or any of the Company's securities by S&P (as defined below), Moody's (as defined below) or Fitch Ratings, a part of the Fitch Group, or any public announcement that any such organization has under surveillance or review, in each case for possible change, its ratings of any such securities (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating).

(l) The Appraiser shall have furnished to you a letter, addressed to the Company and the Parent Guarantor and dated the Closing Date, confirming that the Appraiser and each of its directors and officers (i) is not an affiliate of the Company, the Parent Guarantor or any of their respective affiliates, (ii) does not have any substantial

interest, direct or indirect, in the Company, the Parent Guarantor or any of their respective affiliates and (iii) is not connected with the Company, the Parent Guarantor or any of their respective affiliates as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

(m) At the Closing Date, each of the Operative Agreements (including this Agreement) shall have been duly executed and delivered by each of the parties thereto.

(n) On the Closing Date, you shall have received evidence of the completion of all recordings and filings of each FAA Filed Document with the FAA in order to perfect the security interests created by each Security Document.

(o) On the Closing Date, you shall have received acknowledgement copies or stamped copies of proper financing statements, duly filed under the UCC in all places necessary or desirable in order to perfect the security interests created by each Security Document.

(p) On the Closing Date, the Notes shall be rated not lower than "B+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), and not lower than "B2" by Moody's Investors Service, Inc. ("Moody's").

The Company will furnish the Underwriters with such conformed copies of such opinions, certificates, letters and documents as the Underwriters may reasonably request.

4. Certain Covenants of the Company and Parent Guarantor. Each of the Company and the Parent Guarantor covenants with each Underwriter as follows:

(a) During the period described in the following sentence of this Section 4(a), the Company and the Parent Guarantor shall advise you promptly of any proposal to amend or supplement the Registration Statement, Time of Sale Prospectus or the Prospectus (except by documents filed under the Exchange Act) and will not effect such amendment or supplement (except by documents filed under the Exchange Act) without your consent, which consent will not be unreasonably withheld. If, at any time after the public offering of the Notes, and for so long as the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) under the Securities Act) is required by law to be delivered in connection with sales of the Notes by an Underwriter or a dealer, any event shall occur as a result of which it is necessary to amend the Registration Statement or amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) under the Securities Act) is delivered to a purchaser, not misleading in any material respect, or if it is necessary to amend the Registration Statement or amend or supplement the Prospectus to comply with law, the Company and the Parent Guarantor shall prepare and furnish at its expense to the Underwriters and to such dealers (whose names and addresses you will furnish to the Company and the Parent Guarantor) to which Notes may have been sold by the Underwriters, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will

not, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) under the Securities Act) is delivered to a purchaser, be misleading in any material respect or amendments or supplements to the Registration Statement or the Prospectus so that the Registration Statement or the Prospectus, as so amended or supplemented, will comply with law and cause such amendments or supplements to be filed promptly with the Commission.

(b) During the period mentioned in paragraph (a) above, the Company and the Parent Guarantor shall notify each Underwriter immediately of (i) the effectiveness of any amendment to the Registration Statement, (ii) the transmittal to the Commission for filing of any supplement to the Prospectus or any document (other than a periodic report filed on Form 10-K or Form 10-Q or a current report filed on Form 8-K pursuant to the Exchange Act) that would as a result thereof be incorporated by reference in the Prospectus, (iii) the receipt of any comments from the Commission with respect to the Registration Statement or the Prospectus, (iv) any request by the Commission to the Company or the Parent Guarantor for any amendment to the Registration Statement or any supplement to the Prospectus or for additional information relating thereto or to any document incorporated by reference in the Prospectus and (v) receipt by the Company or the Parent Guarantor of any notice of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, the suspension of the qualification of the Notes for offering or sale in any jurisdiction, or the institution or threatening of any proceeding for any of such purposes; and the Company and the Parent Guarantor agree to use every reasonable effort to prevent the issuance of any such stop order and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment and the Company and the Parent Guarantor shall (subject to the proviso to Section 4(g)) endeavor, in cooperation with the Underwriters, to prevent the issuance of any such stop order suspending such qualification and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(c) During the period mentioned in paragraph (a) above, the Company will furnish to each Underwriter as many conformed copies of the Registration Statement (as originally filed), Time of Sale Prospectus, the Prospectus, and all amendments and supplements to such documents (excluding all exhibits and documents filed therewith or incorporated by reference therein) and as many conformed copies of all consents and certificates of experts, in each case as soon as available and in such quantities as each Underwriter reasonably requests.

(d) Promptly following the execution of this Agreement, the Company and the Parent Guarantor will prepare a Prospectus that complies with the Securities Act and that sets forth the principal amount of the Notes and their terms not otherwise specified in the preliminary prospectus or the Basic Prospectus included in the Registration Statement, the name of each Underwriter and the principal amount of the Notes that each severally has agreed to purchase, the name of each Underwriter, if any, acting as representative of the Underwriters in connection with the offering, the price at which the Notes are to be purchased by the Underwriters from the Trustee, any initial public offering price, any selling concession and reallowance and any delayed delivery arrangements, and such

other information as you, the Company, and the Parent Guarantor deem appropriate in connection with the offering of the Notes. The Company will timely transmit copies of the Prospectus to the Commission for filing pursuant to Rule 424 under the Securities Act.

(e) The Company shall furnish to each Underwriter a copy of each free writing prospectus relating to the offering of the Notes prepared by or on behalf of, used by, or referred to by the Company or the Parent Guarantor and shall not use or refer to any proposed free writing prospectus to which you reasonably object.

(f) If the Time of Sale Prospectus is being used to solicit offers to buy the Notes at a time when a Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances when delivered to a prospective purchaser, not misleading in any material respect, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, the Company and the Parent Guarantor shall forthwith prepare, file promptly with the Commission and furnish, at the Company's expense, to the Underwriters and to the dealers (whose names and addresses you will furnish to the Company and the Parent Guarantor) to which Notes may have been sold by the Underwriters, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading in any material respect or so that the Time of Sale Prospectus, as so amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(g) The Company and the Parent Guarantor shall, in cooperation with the Underwriters, endeavor to arrange for the qualification of the Notes for offer and sale under the applicable securities or "blue sky" laws of such jurisdictions in the United States as you reasonably designate and will endeavor to maintain such qualifications in effect so long as required for the distribution of such Notes; provided that the Company and the Parent Guarantor shall not be required to (i) qualify as a foreign corporation or as a dealer in securities, (ii) file a general consent to service of process or (iii) subject itself to taxation in any such jurisdiction.

(h) Between the date of this Agreement and the Closing Date, the Company and the Parent Guarantor shall not, without your prior written consent, offer, sell or enter into any agreement to sell (as public debt securities registered under the Securities Act (other than the Notes) or as debt securities which may be resold in a transaction exempt from the registration requirements of the Securities Act in reliance on Rule 144A thereunder and which are marketed through the use of a disclosure document containing substantially the same information as a prospectus for similar debt securities registered under the Securities Act), any equipment notes, pass through certificates, equipment trust certificates, equipment purchase certificates or notes secured by aircraft spare parts owned by the Company or the Parent Guarantor (or rights relating thereto).

(i) The Company and the Parent Guarantor shall prepare a final term sheet relating to the offering of the Notes in the form of Annex A hereto and shall file such final term sheet within the period required by Rule 433(d)(5)(ii) under the Securities Act following the date the final terms have been established for the offering of the Notes.

5. Covenant of the Underwriters. Each Underwriter represents, warrants and covenants that it has not made and will not make any offer relating to the Notes that would constitute an issuer free writing prospectus; provided that this Section 5 shall not prevent the Underwriters from transmitting or otherwise making use of one or more customary “Bloomberg Screens” to offer the Notes or convey final pricing terms thereof that contain only information contained in the Time of Sale Prospectus.

6. Indemnification and Contribution. (a) Each of the Company and the Parent Guarantor agrees jointly and severally to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, any Underwriter’s officers and directors, each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act, as well as any affiliate’s officers and directors, from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any “issuer free writing prospectus” as defined in Rule 433(h) under the Securities Act, any Company or Parent Guarantor information that the Company or Parent Guarantor has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or the Prospectus, or any amendment or supplement thereto, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as any of the aforementioned losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished to the Company in writing by any Underwriter expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus or the Prospectus, or any amendment or supplement thereto (the “Underwriter Information”).

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless each of the Company, the Parent Guarantor, their respective directors, each of their respective officers who signed the Registration Statement and each person, if any, who controls the Company or Parent Guarantor, within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company and Parent Guarantor to such Underwriter, its affiliates, and their respective officers and directors, but only with reference to the Underwriter Information provided by such Underwriter.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or (b) above, such person (the “indemnified party.”) shall promptly notify the person against whom such indemnity may be sought (the “indemnifying party.”) in writing; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such paragraph, except to the extent that the indemnifying party has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure. The indemnifying party, upon request of the indemnified party, shall, and the indemnifying party may elect to, retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and the indemnifying party shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel, (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, or (iii) the indemnifying party shall have failed to retain counsel as required by the prior sentence to represent the indemnified party within a reasonable amount of time. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to paragraph (a) above and by the Company in the case of parties indemnified pursuant to paragraph (b) above. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnifying party at any time may, subject to the last sentence of this paragraph (c), settle or compromise any proceeding described in this paragraph (c), at the expense of the indemnifying party. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement (i) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) To the extent the indemnification provided for in paragraph (a) or (b) of this Section 6 is required to be made but is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the applicable indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the

relative benefits received by the Company and Parent Guarantor, on the one hand, and the Underwriters, on the other hand, from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and Parent Guarantor, on the one hand, and the Underwriters, on the other hand, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and Parent Guarantor, on the one hand, and the Underwriters, on the other hand, in connection with the offering of such Notes shall be deemed to be in the same respective proportions as the proceeds from the offering of such Notes received by the Company (before deducting expenses), less total underwriting discounts and commissions received by the Underwriters, and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the cover of the Prospectus, bear to the aggregate initial public offering price of such Notes. The relative fault of the Company and Parent Guarantor, on the one hand, and of the Underwriters, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or Parent Guarantor or information supplied by any Underwriters, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 6 are several in proportion to the respective principal amount of Notes they have purchased hereunder, and not joint.

(e) The Company, the Parent Guarantor and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Notes underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The indemnity and contribution provisions contained in this Section 6 and the representations and warranties of the Company and the Parent Guarantor contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Company, the Parent Guarantor, their officers or directors or any person controlling the Company or Parent Guarantor, and (iii) acceptance of and payment for any of the Notes. The remedies provided for in this Section 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

7. **Default of Underwriters.** If any Underwriter or Underwriters default in their obligations to purchase Notes hereunder and the aggregate principal amount of the Notes that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total principal amount of the Notes, you may make arrangements satisfactory to the Company for the purchase of such Notes by other persons, including any of the non-defaulting Underwriters, but if no such arrangements are made by the Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Notes that such defaulting Underwriter or Underwriters agreed but failed to purchase. If any Underwriter or Underwriters so default and the aggregate principal amount of the Notes with respect to which such default or defaults occurs exceeds 10% of the total principal amount of the Notes and arrangements satisfactory to you and the Company for purchase of such Notes by other persons are not made within 36 hours after such default, then the Company shall be entitled to a further period of 36 hours within which to procure other persons reasonably satisfactory to the non-defaulting Underwriters to purchase such Notes. If, after giving effect to any such arrangements for the purchase of the Notes of a defaulting Underwriter or Underwriters or the non defaulting Underwriters and the Company, the aggregate principal amount of such Notes that remains unpurchased exceeds 10% of the total principal amount of the Notes, then this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 6. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

8. **Survival of Certain Representations and Obligations.** The respective indemnities, agreements, representations, warranties and other statements of the Company or the Parent Guarantor, or their officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any termination of this Agreement, any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company, the Parent Guarantor or any of their respective representatives, officers or directors or any controlling person and will survive delivery of and payment for the Notes. If for any reason the purchase of the Notes by the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid by it pursuant to Section 10 hereof (other than any reimbursement of out-of-pocket expenses (including reasonable fees and disbursements of counsel) of the Underwriters) and the respective obligations of the Company and the Underwriters pursuant to Section 6 hereof shall remain in effect. If the purchase of the Notes by the Underwriters is not consummated for any reason other than solely because of the occurrence of the termination of the Agreement pursuant to Section 7 or 9 hereof, the Company will reimburse the Underwriters for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) reasonably incurred by the Underwriters in connection with the offering of such Notes and comply with its obligations under Sections 6 and 10 hereof.

9. **Termination.** This Agreement shall be subject to termination by notice given by you to the Company, if (a) after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been materially suspended or materially

limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ Global Market, (ii) trading of any securities of the Company or of the Parent Guarantor shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities, (iv) there shall have occurred any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, or any change in financial markets or any calamity or crisis that, in each case, in your judgment, is material and adverse or (v) any material disruption of settlements of securities or clearance services in the United States that would materially impair settlement and clearance with respect to the Notes and (b) in the case of any of the events specified in clauses (a)(i) through (v), such event singly or together with any other such event specified in clauses (a)(i) through (v) makes it, in your judgment, impracticable to market the Notes on the terms and in the manner contemplated in the Time of Sale Prospectus.

10. Payment of Expenses. As between the Company and the Underwriters, the Company shall pay all expenses incidental to the performance of the Company's obligations under this Agreement, including the following:

(i) expenses incurred in connection with (A) qualifying the Notes for offer and sale under the applicable securities or "blue sky" laws of such jurisdictions in the United States as provided in Section 4(g) (including filing fees and reasonable fees and disbursements of counsel for the Underwriters in connection therewith), (B) the review (if any) of the offering of the Notes by FINRA, and (C) the preparation and distribution of any blue sky or legal investment memorandum by Milbank, Tweed, Hadley & McCloy LLP, Underwriters' counsel;

(ii) expenses incurred in connection with the preparation and making available to the Underwriters and the dealers (whose names and addresses the Underwriters will furnish to the Company) to which Notes may have been sold by the Underwriters on their behalf and to any other dealers upon request, either of (A) amendments to the Registration Statement or amendments or supplements to the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not materially misleading or (B) amendments or supplements to the Registration Statement, the Time of Sale Prospectus, or the Prospectus so that the Registration Statement, the Time of Sale Prospectus or the Prospectus, as so amended or supplemented, will comply with law and the expenses incurred in connection with causing such amendments or supplements to be filed promptly with the Commission, all as set forth in Section 4(a) hereof;

(iii) the expenses incurred in connection with the preparation, printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any issuer free writing prospectus and any amendments and supplements to any of the foregoing, including the filing fees payable to the Commission relating to the Notes (within the time period required by Rule 456(b)(1), if applicable), and the cost of furnishing copies thereof to the Underwriters and dealers;

- (iv) expenses incurred in connection with the preparation, printing and distribution of this Agreement, the Notes and the Operative Agreements;
- (v) expenses incurred in connection with the delivery of the Notes to the Underwriters;
- (vi) reasonable fees and disbursements of the counsel and accountants for the Company;
- (vii) to the extent the Company is so required under any Operative Agreement to which it is a party, the fees and expenses of the Trustee and the Collateral Agent and the reasonable fees and disbursements of their respective counsel;
- (viii) fees charged by rating agencies for rating the Notes (including annual surveillance fees related to the Notes as long as they are outstanding);
- (ix) reasonable fees and disbursements of Milbank, Tweed, Hadley & McCloy LLP, counsel for the Underwriters;
- (x) all fees and expenses relating to appraisals of the Pledged Spare Parts; and
- (xi) except as otherwise provided in the foregoing clauses (i) through (x), all other expenses incidental to the performance of the Company's obligations under this Agreement, other than pursuant to Section 6.

11. Notices. All communications hereunder shall be in writing and effective only upon receipt and, if sent to the Underwriters, shall be mailed, delivered or sent by facsimile transmission and confirmed to the Underwriters c/o GS, 85 Broad Street, 20th Floor, New York, New York 10004, Attention: Registration Department, facsimile number (212) 902-3000 and c/o Citi, 390 Greenwich Street, 4th Floor, New York, New York 10013, Attention: Thomas Bliemel, facsimile number (212) 723-8677; and, if sent to the Company, shall be mailed, delivered or sent by facsimile transmission and confirmed to it at 77 West Wacker Drive, 10th Floor, Chicago, IL 60601, Attention: Vice President and Treasurer, facsimile number (312) 997-8333; provided, however, that any notice to an Underwriter pursuant to Section 6 shall be sent by facsimile transmission or delivered and confirmed to such Underwriter.

12. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the controlling persons referred to in Section 6, and no other person will have any right or obligation hereunder.

13. Representation of Underwriters. You will act for the several Underwriters in connection with this purchase, and any action under this Agreement taken by you will be binding upon all the Underwriters.

14. Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the

Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

15. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

16. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK OTHER THAN ANY LAW WHICH WOULD REQUIRE THE APPLICATION OF A LAW OF A DIFFERENT JURISDICTION.

17. Submission to Jurisdiction; Venue; Appointment of Agent.

(a) Each party hereto hereby irrevocably agrees, accepts and submits itself to the non-exclusive jurisdiction of the courts of the State of New York in the City and County of New York and of the United States for the Southern District of New York, in connection with any legal action, suit or proceeding with respect to any matter relating to or arising out of or in connection with this Agreement. Each of the parties to this Agreement agrees that a final action in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other lawful manner.

(b) Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, and agrees not to assert, by stay of motion, as a defense, or otherwise, in any legal action or proceeding brought hereunder in any of the above-named courts, that such action or proceeding is brought in an inconvenient forum, or that venue for the action or proceeding is improper.

(c) To the fullest extent permitted by applicable law, each party hereto hereby waives its respective rights to a jury trial or any claim or cause of action in any court in any jurisdiction based upon or arising out of or relating to this Agreement.

18. No Fiduciary Duty. The Company hereby acknowledges that in connection with the offering of the Notes: (a) the Underwriters have acted at arm's length, are not agents and owe no fiduciary duties to, the Company or any other person, (b) the Underwriters owe the Company only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not superseded by this Agreement), if any, and (c) the Underwriters may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Notes.

19. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

If the foregoing is in accordance with the Underwriters' understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement among the Underwriters, the Parent Guarantor and the Company in accordance with its terms.

Very truly yours,

UNITED AIR LINES, INC.

By: /s/ Stephen R. Lieberman
Name: Stephen R. Lieberman
Title: Vice President and Treasurer

UAL CORPORATION

By: /s/ Kathryn A. Mikells
Name: Kathryn A. Mikells
Title: Senior Vice President and
Chief Financial Officer

The foregoing Underwriting Agreement
is hereby confirmed and accepted
as of the date first above written

GOLDMAN, SACHS & CO.

By: /s/ Goldman, Sachs & Co.
(Goldman, Sachs & Co.)

CITIGROUP GLOBAL MARKETS INC.

By: /s/ Thomas Bliemel
Name: Thomas Bliemel
Title: Managing Director

SCHEDULE I

<u>Underwriters</u>	<u>Principal Amount of Notes</u>
Goldman, Sachs & Co.	\$ 87,500,000
Citigroup Global Markets Inc.	\$ 87,500,000
Total	\$ 175,000,000

SCHEDULE II

UNITED AIR LINES, INC.

Underwriting commission
and other compensation:

\$3,500,000

Closing date, time and location:

July 2, 2009
10:00 A.M.,
Chicago, Illinois time

Offices of Vedder Price P.C.
222 N. LaSalle, Suite 2600, Chicago, IL 60601

SCHEDULE III

1. Basic Prospectus dated December 1, 2008 relating to Shelf Securities
2. preliminary Prospectus Supplement dated June 26, 2009 relating to the Notes
3. free writing prospectus dated June 26, 2009 in the form attached as Annex A
4. net roadshow investor presentation of the Company dated June 26, 2009

SCHEDULE IV

1. Covia LLC
2. Galileo Japan Partnership
3. UAL Loyalty Services LLC
4. United Aviation Fuels Corporation

UNITED AIR LINES, INC.
 12.75% SENIOR SECURED NOTES DUE 2012

FINAL PRICING TERMS

Issuer:	United Air Lines, Inc.
Title of Security:	12.75% Senior Secured Notes Due 2012
Guarantor:	UAL Corporation
Principal Amount at Maturity:	\$175,000,000
Price to Public:	90.07%
Aggregate Issue Price / Initial Aggregate Accreted Principal:	\$157,622,500
Discount Amount:	\$17,377,500
Maturity Date:	July 15, 2012
Interest Rate:	12.75%
Interest Payment Dates:	January 15, April 15, July 15 and October 15, beginning on October 15, 2009
Record Dates:	January 1, April 1, July 1 and October 1
Make-Whole Spread (used to calculate Make-Whole Amount):	0.75%
Post-Acceleration Rate:	19.00%
Yield/Discount Rate (used to calculate Accreted Principal):	17.00%

Accreted Principal:	Dates	Scheduled Payments	Accreted Principal(a)
	7/2/2009	\$ 0.00	\$ 157,622,500.00
	10/15/2009	\$ 6,383,854.17	\$ 158,928,475.76
	1/15/2010	\$ 5,578,125.00	\$ 160,104,805.21
	4/15/2010	\$ 5,578,125.00	\$ 161,331,128.62
	7/15/2010	\$ 5,578,125.00	\$ 162,609,570.73
	10/15/2010	\$ 5,578,125.00	\$ 163,942,346.58
	1/15/2011	\$ 5,578,125.00	\$ 165,331,765.35
	4/15/2011	\$ 5,578,125.00	\$ 166,780,234.38
	7/15/2011	\$ 5,578,125.00	\$ 168,290,263.28
	10/15/2011	\$ 5,578,125.00	\$ 169,864,468.36
	1/15/2012	\$ 5,578,125.00	\$ 171,505,577.09
	4/15/2012	\$ 5,578,125.00	\$ 173,216,432.89
	7/15/2012	\$ 180,578,125.00	\$ 175,000,000.00

	(a) Assuming there has been no prepayment of principal on the Notes.
Trade Date:	June 26, 2009
Expected Settlement Date:	T + 4; July 2, 2009
CUSIP Number:	909279BE0
ISIN Number:	US909279BE09
Anticipated Ratings:	B2 by Moody's Investors Service, Inc. B+ by Standard & Poor's Ratings Services
Joint Bookrunners and Structuring Agents:	Goldman, Sachs & Co. Citigroup Global Markets Inc.
Underwriting Commission:	\$3,500,000
Concession to Selling Group Members:	0.0%
Discount to Broker/Dealers:	0.0%

The following amendments are made to our Preliminary Prospectus Supplement dated June 26, 2009:

- The period by which United is required to either provide additional collateral or redeem some or all of the Notes in order to comply with the Maximum Collateral Ratio, the Minimum Section 1110 Collateral Ratio or the Minimum Rotable/Repairable Ratio, as applicable, in the event that United is not in compliance with the Maximum Collateral Ratio, the Minimum Section 1110 Collateral Ratio or the Minimum Rotable/Repairable Ratio, as applicable, will be reduced from 90 days to 45 days.
- The period by which United is required to redeem the Notes in the required amount, if a Fleet Reduction has occurred, will be reduced from 90 days after such occurrence to 45 days after such occurrence.
- The total amount of Cash Collateral in aggregate that United may provide to the Trustee, in order to comply with the Maximum Collateral Ratio, the Minimum Section 1110 Collateral Ratio or the Minimum Rotable/Repairable Ratio, as applicable, after non-compliance, will be reduced from \$45,000,000 to \$20,000,000.
- The period that United will take such other action as is necessary to satisfy the Maximum Collateral Ratio, the Minimum Section 1110 Collateral Ratio or the Minimum Rotable/Repairable Ratio, as applicable, after providing Cash Collateral to meet the Maximum Collateral Ratio, the Minimum Section 1110 Collateral Ratio or the Minimum Rotable/Repairable Ratio, as applicable, will be reduced from 90 days to 45 days.

Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The issuer has filed a registration statement (including a prospectus and prospectus supplement) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the prospectus supplement relating to this offering and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the

offering will arrange to send you the prospectus and the prospectus supplement relating to this offering if you request it by calling Goldman, Sachs & Co. toll free at 1-866-471-2526 or Citigroup Global Markets Inc. at 212-723-6230.

Any disclaimers or other notices that may appear below are not applicable to this communication and should be disregarded. Such disclaimers were automatically generated as a result of this communication being sent via Bloomberg or another email system.

GUARANTEE

dated as of July 2, 2009

from

UAL CORPORATION

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GUARANTEE

THIS GUARANTEE, dated as of July 2, 2009 (as amended, modified or supplemented from time to time, this “**Guarantee**”), from **UAL CORPORATION**, a Delaware corporation (together with its permitted successors and assigns, the “**Guarantor**”), to the parties listed in Schedule I hereto (collectively, together with their successors and permitted assigns, the “**Parties**”, and, individually, a “**Party**”).

WHEREAS, United Air Lines, Inc., a Delaware corporation (“**United**”), a direct wholly-owned subsidiary of the Guarantor, has entered into that certain Indenture dated as of July 2, 2009 (the “**Indenture**”) among United, Wells Fargo Bank Northwest, National Association, as trustee (the “**Trustee**”) and Wells Fargo Bank Northwest, National Association, as Collateral Agent (the “**Collateral Agent**”);

WHEREAS, capitalized terms used but not defined herein shall have the meanings set forth in the Indenture unless otherwise indicated herein;

WHEREAS, pursuant to the Indenture, United will issue the Securities; and

WHEREAS, it is a condition to the purchase of the Securities under the Underwriting Agreement that the Guarantor execute and deliver this Guarantee.

NOW, THEREFORE, in order to induce the Underwriters (as defined in the Underwriting Agreement) to purchase the Securities and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Guarantee.

(a) The Guarantor does hereby acknowledge that it is fully aware of the terms and conditions of the Indenture, the Securities, the Security Documents and the transactions and the other documents contemplated thereby, and does hereby irrevocably and fully and unconditionally guarantee, as primary obligor and not as surety merely, to the Parties, as their respective interests may appear, the payment by United of all payment obligations when due under the Indenture and the Securities (such obligations of United guaranteed hereby being hereafter referred to, individually, as a “**Guaranteed Obligation**” and, collectively, as the “**Guaranteed Obligations**”) in accordance with the terms of the Transaction Documents. The Guarantor does hereby agree that in the event that United fails to pay any Guaranteed Obligation when due for any reason (including, without limitation, the liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceedings affecting the status, existence, assets or obligations of United, or the disaffirmance with respect to United of the Indenture or any other Transaction Document to which United is a party in any such proceeding) after the date on which such Guaranteed Obligation became due and payable and the applicable grace period has expired, the Guarantor shall pay or cause to be paid forthwith, upon the receipt of notice from the Trustee (such notice to be sent to United (to the extent the Trustee is not stayed or prevented from doing so by operation of law) and the Guarantor) stating that such Guaranteed Obligation was not paid when due after the applicable grace period has expired and stating the amount of such Guaranteed Obligation.

(b) The obligations of the Guarantor hereunder shall not be, to the fullest extent permitted by law, affected by: the genuineness, validity, regularity or enforceability (or lack thereof) of any of United's obligations under the Indenture or any other Transaction Document to which United is a party, any amendment, waiver or other modification of the Indenture or such other Transaction Document (except that any such amendment or other modification shall be given effect in determining the obligations of the Guarantor hereunder), or by any substitution, release or exchange of collateral for or other guaranty of any of the Guaranteed Obligations (except to the extent that such substitution, release or exchange is not undertaken in accordance with the terms of the Transaction Documents) without the consent of the Guarantor, or by any priority or preference to which any other obligations of United may be entitled over United's obligations under the Indenture and the other Transaction Documents to which United is a party, or by any other circumstance that might otherwise constitute a legal or equitable defense to or discharge of the obligations of a surety or guarantor including, without limitation, any defense arising out of any laws of the United States of America of any State thereof which would excuse, discharge, exempt, modify or delay the due or punctual payment and performance of the obligations of the Guarantor hereunder. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not, to the fullest extent permitted by law, affect the liability of the Guarantor hereunder: (a) the extension of the time for or waiver of, at any time or from time to time, without notice to the Guarantor, United's performance of or compliance with any of its obligations under the Transaction Documents (except that such extension or waiver shall be given effect in determining the obligations of the Guarantor hereunder), (b) any assignment, transfer, lease or other arrangement by which United transfers possession or loses control of the use of any Collateral, (c) any defect in the title, condition, design, operation or fitness for use of, or damage to or loss or destruction of, any Collateral, whether or not due to the fault of United, (d) any merger or consolidation of United or the Guarantor into or with any other Person, or any sale, transfer, lease or disposal of any of its assets or (e) any change in the ownership of any shares of capital stock of United.

(c) This Guarantee is an absolute, present and continuing guaranty of payment and performance and not of collection and is in no way conditional or contingent upon any attempt to collect from United any unpaid amounts due. The Guarantor specifically agrees, to the fullest extent permitted by law, that it shall not be necessary or required, and that the Guarantor shall not be entitled to require, that any Party (i) file suit or proceed to obtain or assert a claim for personal judgment against United for the Guaranteed Obligations, or (ii) make any effort at collection of the Guaranteed Obligations from United, or (iii) foreclose against or seek to realize upon any security now or hereafter existing for the Guaranteed Obligations, including the Collateral, or (iv) file suit or proceed to obtain or assert a claim for personal judgment against any other Person liable for the Guaranteed Obligations, or make any effort at collection of the Guaranteed Obligations from any such other Person, or exercise or assert any other right or remedy to which any Party is or may be entitled in connection with the Guaranteed Obligations or any security or other guaranty therefor, or (v) assert or file any claim against the assets of United or any other guarantor or other Person liable for the Guaranteed Obligations, or any part thereof, before or as a condition of enforcing the liability of the Guarantor under this Guarantee or requiring payment of said Guaranteed Obligations by the Guarantor hereunder, or at any time thereafter.

Section 2. No Implied Third Party Beneficiaries. This Guarantee shall not be deemed to create any right in any Person except a Party and shall not be construed in any respect to be a contract in whole or in part for the benefit of any other Person.

Section 3. Waiver; No Set-off; Reinstatement; Subrogation. The Guarantor waives notice of the acceptance of this Guarantee and of the performance or nonperformance by Owner, demand for payment from United or any other Person, notice of nonpayment or failure to perform on the part of United, diligence, presentment, protest, dishonor and, to the fullest extent permitted by law, all other demands or notices whatsoever, other than the request for payment hereunder and notice provided for in Section 1 hereof. The obligations of the Guarantor shall be absolute and unconditional and shall remain in full force and effect until satisfaction of all Guaranteed Obligations and, without limiting the generality of the foregoing, to the extent not prohibited by applicable law, shall not be released, discharged or otherwise affected by the existence of any claims, set-off, defense or other rights that the Guarantor may have at any time and from time to time against any Party, whether in connection herewith or any unrelated transactions. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Guaranteed Obligation is rescinded or must otherwise be returned by any Party upon the insolvency, bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding with respect to United or otherwise, all as though such payment had not been made. The Guarantor, by virtue of any payment hereunder to a Party, shall be subrogated to such Party's claim against United or any other Person relating thereto; provided, however, that the Guarantor shall not be entitled to receive payment from United in respect of any claim against United arising from a payment by the Guarantor in the event of any insolvency, bankruptcy, liquidation, reorganization or other similar proceedings relating to United, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of United, whether or not involving insolvency or bankruptcy proceedings, in which case the Guaranteed Obligations shall be paid and performed in full before any payment in respect of a claim by the Guarantor shall be made by or on behalf of United.

Section 4. Amendments, Etc. No amendment of or supplement to this Guarantee, or waiver or modification of, or consent under, the terms hereof, shall be effective unless evidenced by an instrument in writing signed by the Guarantor and each Party against whom such amendment, supplement, waiver, modification or consent is to be enforced.

Section 5. Payments. All payments by the Guarantor hereunder in respect of any Obligation shall be made in Dollars and otherwise as provided in the Indenture or the Securities in which such Guaranteed Obligation is contained.

Section 6. Integration; Counterparts; Successors and Assigns; Headings. This Guarantee (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the Guarantor and the Parties, with respect to the subject matter hereof, (b) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and (c) shall be binding upon the successors and assigns of the Guarantor and shall inure to the benefit of, and shall be enforceable by, each of the Parties to the fullest extent permitted by applicable laws. The headings in this Guarantee are for purposes of reference only, and shall not limit or otherwise affect the meanings hereof.

Section 7. Notices. All requests, notices or other communications hereunder shall be in writing, addressed as follows:

If to the Guarantor:

UAL Corporation
77 West Wacker Drive
Chicago, Illinois 60601
Attention: Kathryn Mikells, Senior Vice President & Chief Financial Officer
Facsimile: (312) 997-8333

with a copy to:

77 West Wacker Drive
Chicago, Illinois 60601
Attention: Paul R. Lovejoy, Senior Vice President, General Counsel and Secretary
Facsimile: (312) 997-8333

If to a Party:

to the address or telecopy number set forth in the Indenture

All requests, notices or other communications shall be given in the manner, and shall be effective at the times and under the terms, set forth in Section 11.02 of the Indenture.

Section 8. No Waivers. No failure on the part of any Party to exercise, no delay in exercising, and no course of dealing with respect to, any right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any right or remedy hereunder preclude any other or further exercise of such right or remedy or the exercise of any other right or remedy.

Section 9. Severability. To the fullest extent permitted by applicable law, any provision of this Guarantee that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or any provision in any other Transaction Document, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10. GOVERNING LAW. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW)). THIS GUARANTEE IS BEING DELIVERED IN NEW YORK, NEW YORK.

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be duly executed as of the day and year first written above.

UAL CORPORATION

By: /s/ Kathryn A. Mikells
Name: Kathryn A. Mikells
Title: Senior Vice President and
Chief Financial Officer

**SCHEDULE I
TO GUARANTEE**

PARTIES

Wells Fargo Bank Northwest, National Association, as Trustee

Wells Fargo Bank Northwest, National Association, as Collateral Trustee

SCHEDULE I

Page 1

INDENTURE

dated as of July 2, 2009

among

UNITED AIR LINES, INC.

as Issuer

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION

as Trustee

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION

as Collateral Agent

12.75% SENIOR SECURED NOTES DUE 2012

Table Showing Reflection in Indenture of Certain Provisions
of Trust Indenture Act of 1939,
as amended by the Trust Indenture Reform Act of 1990*

Reflected in Indenture

<u>Trust Indenture Act Section</u>	<u>Indenture Section</u>
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	11.03
(c)	11.03
313(a)	7.06
(b)(1)	N.A.
(b)(2)	7.06
(c)	7.06; 11.02
(d)	7.06
314(a)	4.03; 4.04; 11.02
(b)	10.01(b); 10.02(c)
(c)(1)	11.04
(c)(2)	11.04
(c)(3)	N.A.
(d)	10.02(c)
(e)	11.05
(f)	N.A.
315(a)	7.01
(b)	7.05; 11.02
(c)	7.01

* N.A. means not applicable.

This Cross Reference Table is not part of the Indenture.

<u>Trust Indenture Act Section</u>	<u>Indenture Section</u>
(d)	7.01
(e)	6.11
316(a), last sentence	2.08
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	9.04
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	11.01
(b)	N.A.
(c)	11.01

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THIS INDENTURE dated as of July 2, 2009, is among United Air Lines, Inc., a Delaware corporation (the “**Company**”), Wells Fargo Bank Northwest, National Association, a national banking association, as trustee (the “**Trustee**”), and Wells Fargo Bank Northwest, National Association, a national banking association, as collateral agent (the “**Collateral Agent**”).

This Indenture supplements and, except with respect to the provisions therein required by the TIA, to the extent inconsistent therewith, amends and restates the form of indenture attached as Exhibit 4.5 to the Company’s and the Guarantor’s registration statement on Form S-3 filed with the SEC on December 1, 2008.

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of the Company’s 12.75% Senior Secured Notes due 2012 (the “**Securities**”):

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

“**A Pledged Collateral Ratio**” shall mean, as of any date of determination, a percentage determined by dividing (i) the Fair Market Value of all A Pledged Spare Parts, all Pledged Aircraft and all Pledged Spare Engines, in each case, as set forth in the most recent Independent Appraiser’s Certificate delivered by the Company pursuant to Section 4.10, by (ii) the outstanding principal balance of the Securities as of such date minus the sum of the Cash Collateral then held by the Securities Intermediary.

“**A Pledged Spare Parts**” means the Pledged Spare Parts secured by the A Mortgage.

“**A Mortgage**” means the A Mortgage and Security Agreement required to be delivered pursuant to Article X hereof in substantially the form of Exhibit B.

“**A Mortgage Supplement**” means the A Mortgage Supplement to the A Mortgage, substantially in the form of Exhibit A to the A Mortgage.

“**Accreted Principal**” means, as of any date of determination, the Net Present Value to that date of the sum of the then remaining Scheduled Payments on the Securities.

“**Act**” means Part A of subtitle VII of title 49, United States Code.

“**Affiliate**” of any specified Person means any other Person, directly or indirectly, controlling or controlled by, or under direct or indirect common control with, such specified Person. For purposes of this definition, “control” of a Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” shall have meanings correlative to the foregoing. The Trustee may request and may conclusively rely upon an Officer’s Certificate to determine whether any Person is an Affiliate of any specified Person.

“**Agent**” means any Registrar or Paying Agent.

“**Aircraft**” or “**aircraft**” means any contrivance invented, used, or designed to navigate or fly in, the air.

“**Annual Methodology**” means, in determining an opinion as to the Fair Market Value of the Pledged Spare Parts, taking at least the following actions:

(i) reviewing the Parts Inventory Report prepared as of the applicable Valuation Date; (ii) reviewing the Independent Appraiser’s internal value database for values applicable to the Pledged Spare Parts included in the Collateral; (iii) developing a representative sampling of a reasonable number of the different Pledged Spare Parts included in the Collateral for which a market check will be conducted; (iv) checking other sources, such as manufacturers, other airlines, U.S. government procurement data and airline parts pooling price lists, for current market prices of the sample parts referred to in clause (iii); (v) establishing an assumed ratio of Serviceable Parts to Unserviceable Parts as of the applicable Valuation Date based upon information provided by the Company and the Independent Appraiser’s limited physical review of the Collateral referred to in the following clause (vi); (vi) visiting at least two locations selected by the Independent Appraiser where the Pledged Spare Parts are kept by the Company (neither of which was visited for purposes of the immediately prior appraisal provided pursuant to Section 4.10(a) or 4.10(b)), provided that at least one such location shall be one of the top three locations at which the Company keeps the largest number of Pledged Spare Parts, to conduct a limited physical inspection of the Collateral; (vii) conducting a limited review of the inventory reporting system applicable to the Pledged Spare Parts, including checking information reported in such system against information determined through physical inspection pursuant to the preceding clause (vi); and (viii) reviewing a sampling of the Spare Parts Documents (including tear-down reports).

“**Applicable Procedures**” means, with respect to any transfer or exchange of or for beneficial interests in any Global Security, the rules and procedures of the Depositary, Euroclear or Clearstream that apply to such transfer or exchange.

“**Appraisal Compliance Report**” means, as of any date, a report providing information relating to the calculation of the Collateral Ratio, the A Pledged Collateral Ratio and the Rotable/Repairable Ratio, which shall be substantially in the form of Exhibit E.

“**Appraised Value**” means, with respect to any Collateral, the Fair Market Value of such Collateral as most recently determined pursuant to (i) the report attached as Appendix II to the Prospectus Supplement or (ii) Section 4.10.

“**Average Life Date**” means for any Security the date which follows the time of determination by a period equal to the Remaining Weighted Average Life of such Security. “**Remaining Weighted Average Life**” on a given date with respect to any Security shall be the number of days equal to the quotient obtained by dividing (a) the sum of each of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal of

such Security by (ii) the number of days from and including such determination date to but excluding the date on which such payment of principal is scheduled to be made, by (b) the then outstanding principal amount of such Security.

“**Bankruptcy Code**” means the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq.

“**Bankruptcy Law**” means Title 11, U.S. Code or any similar U.S. or State law for the relief of debtors.

“**B Mortgage**” means the B Mortgage and Security Agreement required to be delivered pursuant to Article X hereof in substantially the form of Exhibit C.

“**B Mortgage Supplement**” means the B Mortgage Supplement to the B Mortgage, substantially in the form of Exhibit A to the B Mortgage.

“**Board of Directors**” of any Person means the board of directors, board of managers (or other comparable governing body) of such Person or any committee thereof duly authorized, with respect to any particular matter, to act by or on behalf of the board of directors of such Person.

“**Business Day**” means any day that is not a Legal Holiday.

“**C Mortgage**” means the C Mortgage and Security Agreement required to be delivered pursuant to Article X hereof in substantially the form of Exhibit D.

“**C Mortgage Supplement**” means the C Mortgage Supplement to the C Mortgage, substantially in the form of Exhibit A to the C Mortgage.

“**Capital Stock**” means (i) in the case of a corporation or a company, corporate stock or shares; (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person; but excluding any debt securities convertible into such Capital Stock.

“**Cash Collateral**” means cash and/or any Investment Security deposited or to be deposited with the Securities Intermediary in accordance with the provisions of Section 2.16 hereto.

“**Citizen of the United States**” is defined in 49 U.S.C. § 40102(a)(15).

“**Clearstream**” means Clearstream Banking, société anonyme or any successor securities clearing agency.

“**Collateral**” has the meaning set forth in the Granting Clauses of (i) the A Mortgage, (ii) the B Mortgage, and (iii) the C Mortgage, individually or collectively, as the context requires.

“**Collateral Agent**” means the Person named as the “Collateral Agent” in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of the Mortgages, and thereafter “Collateral Agent” shall mean the successor serving hereunder.

“**Collateral Ratio**” shall mean, as of any date of determination, a percentage determined by dividing (i) the outstanding principal balance of the Securities as of such date minus the sum of the Cash Collateral then held by the Securities Intermediary by (ii) the Fair Market Value of all Collateral (excluding Cash Collateral), as set forth in the most recent Independent Appraiser’s Certificate delivered by the Company pursuant to Section 4.10.

“**Company**” means the Person named as the “Company” in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor Person.

“**Corporate Trust Office of the Trustee**” means the office of the Trustee at which this Indenture shall be principally administered, which office shall initially be located at the address of the Trustee specified in Section 11.02 and may be located at such other address as the Trustee may give notice to the Company and the Holders or such other address as a successor Trustee may designate from time to time by notice to the Company and the Holders.

“**Custodian**” means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

“**Default**” means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

“**Definitive Security**” means a certificated Security registered in the name of the Holder thereof and issued in accordance with Section 2.06(a), substantially in the form of Exhibit A hereto, except that such Security shall not bear the Global Security Legend.

“**Depository**” means The Depository Trust Company and its successors.

“**Designated Locations**” means any of the locations described in the initial A Mortgage Supplement and/or B Mortgage Supplement, as applicable, and any subsequent Mortgage Supplement at which Pledged Spare Parts are held by or on behalf of the Company.

“**Dollars**,” “**United States Dollars**” and “**\$**” mean lawful money for the time being of the United States of America.

“**Eligible Account**” means an account established by and with an Eligible Institution at the request of the Trustee, which institution agrees, for all purposes of the New York UCC

including Article 8 thereof, that (a) such account shall be a “securities account” (as defined in Section 8-501 of the New York UCC), (b) such institution is a “securities intermediary” (as defined in Section 8-102(a)(14) of the New York UCC), (c) all property (other than cash) credited to such account shall be treated as a “financial asset” (as defined in Section 8-102(9) of the New York UCC), (d) the Trustee shall be the “entitlement holder” (as defined in Section 8-102(7) of the New York UCC) in respect of such account, (e) it will comply with all entitlement orders issued by the Trustee to the exclusion of the Company, (f) it will waive or subordinate in favor of the Trustee all claims (including without limitation, claims by way of security interest, lien or right of set-off or right of recoupment), and (g) the “securities intermediary jurisdiction” (under Section 8-110(e) of the New York UCC) shall be the State of New York.

“**Eligible Institution**” means the corporate trust department of (a) Wells Fargo Bank Northwest, National Association, acting solely in its capacity as a “securities intermediary” (as defined in Section 8-102(a)(14) of the UCC), or (b) a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating from Moody’s of at least A3 or its equivalent and from S&P of at least A or its equivalent.

“**Engine**” or “**engine**” means an engine used, or intended to be used, to propel an Aircraft.

“**Euroclear**” means Euroclear Bank N.V./S.A. or any successor securities clearance agency.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and any successor statute.

“**Excluded Parts**” means (i) Pledged Spare Parts held by the Company at a location that is not a Designated Location, (ii) branded inventory consisting of Spare Parts that are specific to the Company (such as seat covers, logos, carpet and decals) which have limited value to third parties, (iii) customer or vendor inventory, (iv) Spare Parts that have been temporarily loaned to other airlines and are not in the Company’s possession, (v) obsolete and retired parts (including, for this purpose, any Spare Parts held for consignment by AirLiance), and (vi) custom Spare Parts consisting of Expendables designed or modified by the Company which have limited or no demand from other parties.

“**Expendables**” means Pledged Spare Parts, other than Rotables and Repairables.

“**FAA**” means the Federal Aviation Administration of the United States or any Governmental Authority succeeding to the functions of such Federal Aviation Administration.

“**FAA Filed Documents**” means the A Mortgage and any A Mortgage Supplement thereto, the B Mortgage and any B Mortgage Supplement thereto and the C Mortgage and any C Mortgage Supplement thereto.

“**FAA Regulations**” means the Federal Aviation Regulations issued or promulgated pursuant to the Act from time to time.

“**Fair Market Value**” means, with respect to any Collateral, its fair market value determined on the basis of a hypothetical sale negotiated in an arm’s length free market transaction between a willing and able seller and a willing and able buyer, neither of whom is under undue pressure to complete the transaction, under then current market conditions, provided that cash shall be valued at its Dollar amount.

“**Financing Statements**” means, collectively, UCC-1 (and, where appropriate, UCC 3) financing statements covering the Collateral, by the Company, as debtor, showing the Collateral Agent as the secured party, for filing in Delaware and each other jurisdiction that, in the opinion of the Collateral Agent, is necessary to perfect its Lien on the Collateral.

“**GAAP**” means generally accepted accounting principles in the United States, as in effect from time to time.

“**Global Securities**” means a permanent global security substantially in the form of Exhibit A hereto that bears the Global Security Legend and that is deposited with or on behalf of and registered in the name of the Depository or its nominee.

“**Global Security Legend**” means the legend set forth in Section 2.06(d) which is required to be placed on all Global Securities issued under this Indenture.

“**Government Securities**” shall mean direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“**Governmental Authority**” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“**Guarantee**” shall mean the Guarantee dated as of July 2, 2009 by the Guarantor.

“**Guarantor**” shall mean UAL Corporation, a Delaware corporation.

“**Holder**” means a Person in whose name a Security is registered on the Registrar’s books.

“**Indebtedness**” means any indebtedness for money borrowed or representing the deferred purchase price of property or assets purchased.

“**Indenture**” means this Indenture as amended or supplemented from time to time.

“**Independent Appraiser**” means Simat, Helliesen & Eichner, Inc., Morton, Beyer & Agnew, Inc. or any other Person certified by ISTAT (or any successor organization thereto) selected by the Company and approved by the Trustee, such approval not to be unreasonably withheld or delayed, (i) engaged in a business which includes appraising Aircraft and assets relating to the operation and maintenance of Aircraft from time to time and (ii) who does not have any material financial interest in the Company and is not connected with the Company or any of its Affiliates as an officer, director, employee, promoter, underwriter, partner or person performing similar functions.

“**Independent Appraiser’s Certificate**” means a certificate (i) signed by an Independent Appraiser, (ii) addressed to the Company and Trustee and (iii) required to be delivered pursuant to Section 4.10.

“**Interest Payment Date**” has the meaning assigned to such term in the Securities.

“**Investment Security**” means (a) any bond, note or other obligation which is a direct obligation of or guaranteed by the U.S. or any agency thereof; (b) any obligation which is a direct obligation of or guaranteed by any State of the U.S. or any subdivision thereof or any agency of any such State or subdivision, and which has the highest rating published by Moody’s or S&P; (c) any commercial paper issued by a U.S. obligor and rated at least P-1 by Moody’s or A-1 by S&P; (d) any money market investment instrument relying upon the credit and backing of any bank or trust company which is a member of the Federal Reserve System and which has a combined capital (including capital reserves to the extent not included in capital) and surplus and undivided profits of not less than \$250,000,000 (including the Collateral Agent and its Affiliates if such requirements as to Federal Reserve System membership and combined capital and surplus and undivided profits are satisfied), including, without limitation, certificates of deposit, time and other interest-bearing deposits, bankers’ acceptances, commercial paper, loan and mortgage participation certificates and documented discount notes accompanied by irrevocable letters of credit and money market funds investing solely in securities backed by the full faith and credit of the United States; or (e) repurchase agreements collateralized by any of the foregoing.

“**Issue Date**” means the date on which the Securities are issued under this Indenture.

“**Law**” means (a) any constitution, treaty, statute, law, decree, regulation, order, rule or directive of any Governmental Authority, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

“**Legal Holiday**” means a Saturday, a Sunday or a day on which banking institutions in any of New York, New York or Chicago, Illinois are authorized or obligated by law, regulation or executive order to remain closed.

“**Lien**” means any mortgage, lien, pledge, charge, encumbrance or other security interest or any preferential arrangement that has the practical effect of creating a security interest.

“**Make-Whole Amount**” means, with respect to a Security, an amount (as determined by an independent investment bank of national standing selected by the Company) equal to the

excess, if any, of (a) the present value of the remaining scheduled payments of principal and interest from the determination date to maturity of such Security computed by discounting such payments on a quarterly basis on each Interest Payment Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield plus 75 basis points per annum (assuming a 360-day year of twelve 30-day months), over (b) the outstanding principal amount of such Security plus accrued interest to the date of determination. For purposes of determining the Make-Whole Amount, “**Treasury Yield**” means, at the date of determination with respect to a Security, the interest rate (expressed as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the quarterly yield to maturity for United States Treasury securities maturing on the Average Life Date of such Security and trading in the public securities markets either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities, trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Security and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Security, in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Security is reported in the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519). “**H.15(519)**” means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable payment or redemption date and the “most recent H.15(519)” means the H.15(519) published prior to the close of business on the third Business Day prior to the applicable payment or redemption date.

“**Maturity**” when used with respect to any Security, means the date on which the outstanding principal amount or the Accreted Principal, as applicable, of such Security becomes due and payable as therein or herein provided, whether at the Stated Maturity, by declaration of acceleration, call for redemption or otherwise.

“**Maximum Collateral Ratio**” means thirty-five percent (35%).

“**Minimum A Pledged Collateral Ratio**” means one-hundred forty percent (140%).

“**Minimum Rotable/Repairable Ratio**” means one-hundred fifty percent (150%).

“**Moody’s**” means Moody’s Investors Service, Inc.

“**Mortgages**” means, collectively, the A Mortgage, the B Mortgage and the C Mortgage.

“**Mortgage Supplement**” means any A Mortgage Supplement, B Mortgage Supplement and C Mortgage Supplement, as applicable.

“**Net Present Value**” means the discounted value of a series of future amounts determined in accordance with GAAP (or, in the absence of GAAP standards, in accordance with the customary practice of investment dealers), calculated on a quarterly basis and employing an annual discount rate equal to the Target Annual Yield Rate (assuming a 360-day year of twelve 30-day months).

“Obligations” means all liabilities and obligations of every nature of the Company from time to time owed under this Indenture, the Securities or any other Transaction Document, whether for principal (including Accreted Principal), interest (including interest which, but for the filing of a petition in bankruptcy with respect to Company, would have accrued on any Obligation, whether or not a claim is allowed against the Company for such interest in the related bankruptcy proceeding), fees, expenses, indemnification or otherwise and whether primary, secondary, direct, indirect, contingent, fixed or otherwise (including obligations of performance).

“Officer” means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer, the Assistant Treasurer, the Controller, the Secretary or any Assistant Secretary of a Person.

“Officer’s Certificate” means a certificate signed by an Officer of a Person, and that complies with Sections 11.04 and 11.05 of this Indenture.

“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Trustee and that complies with Sections 11.04 and 11.05 of this Indenture. Such counsel may be an employee of or counsel to the Company or the Trustee.

“Original Number of Aircraft” means: (a) initially, (i) with respect to A319-100 and A320-200 aircraft, 152, (ii) with respect to Boeing 757-200 aircraft, 97, (iii) with respect to Boeing 747-400 aircraft, 24; (iv) with respect to Boeing 767-300 aircraft, 35; and (v) with respect to Boeing 777-200 aircraft, 52; and (b) following any redemption of Securities required by any Fleet Reduction of an Aircraft Model pursuant to Section 4.11, the Original Number of Aircraft with respect to such Aircraft Model shall be the Reduced Number of Aircraft with respect to such Fleet Reduction.

“Participant” means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

“Parts Inventory Report” means, as of any date, a list (i) identifying the Pledged Spare Parts by manufacturer’s part number and brief description, (ii) stating the quantity of each such part included in the Pledged Spare Parts, in each case, and (iii) indicating whether or not such Pledged Spare Parts were first placed in service after the Section 1110 Date as of such specified date.

“Permitted Government Entity” means the U.S. Government.

“Permitted Lease” means a lease permitted under Section 3.02(b)(iv) of each of the A Mortgage and B Mortgage and Section 3.02(b)(ix) of the C Mortgage.

“**Permitted Lessee**” has the meaning set forth in Section 3.02(b)(iv) of each of the A Mortgage and B Mortgage and Section 3.02(b)(ix) of the C Mortgage.

“**Permitted Liens**” has the meaning set forth in each Mortgage.

“**Person**” means any individual, corporation, limited liability company, limited or general partnership, joint venture, incorporated or unincorporated association, joint-stock company, trust, unincorporated organization or government or other agency or political subdivision thereof or other entity of any kind.

“**Pledged Aircraft**” has the meaning given to the term “Aircraft” in the C Mortgage; provided that, in order for such “Aircraft” to be a “Pledged Aircraft”, it must be of a Qualified Aircraft Type.

“**Pledged Spare Engine**” has the meaning given to the term “Spare Engine” in the C Mortgage; provided that, in order for such “Spare Engine” to be a “Pledged Spare Engine”, it must be of a Qualified Spare Engine Type.

“**Pledged Spare Parts**” has the meaning set forth in clause (1) of the Granting Clauses of (i) the A Mortgage and (ii) the B Mortgage, individually or collectively, as the context requires.

“**Post-Acceleration Rate**” means a rate per annum equal to the Target Annual Yield Rate plus 2%.

“**Property**” or “**property**” of any Person means any property or assets, or interest therein, of such Person.

“**Prospectus Supplement**” means the final Prospectus Supplement, dated June 26, 2009, to the Prospectus, dated December 1, 2008, of the Company relating to the offering of the Securities.

“**Qualified Aircraft Type**” means any of (i) a Boeing model 767-300 aircraft, (ii) a Boeing model 777-200 aircraft, (iii) an Airbus model A319-100 aircraft or (iv) an Airbus model 320-200 aircraft.

“**Qualified Spare Engine Type**” means, in respect of a Pledged Aircraft, any engine type that is customarily used on such Pledged Aircraft type by the Company in the ordinary course of its business.

“**Quarterly Methodology**” means the Annual Methodology, excluding actions referred to in clauses (iii), (iv), (vi), (vii) and (viii) of the definition of Annual Methodology.

“**Rating Agencies**” means S&P and Moody’s.

“**Rating Confirmation**” means, with respect to any action proposed to be taken, a written confirmation from each of the Rating Agencies with respect to the Securities that such action would not result in (i) a reduction of the rating for the Securities below the then current rating for the Securities or (ii) a withdrawal or suspension of the rating of the Securities.

“**Redemption Date**” when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

“**Redemption Percentage**” with respect to any Aircraft Model, means, as of any date of determination, the percentage determined by multiplying (a) the fraction with (i) a numerator equal to the Original Number of Aircraft for such Aircraft Model minus the Reduced Number of Aircraft for such Aircraft Model, and (ii) a denominator equal to the Original Number of Aircraft for such Aircraft Model by (b) the fraction with (i) a numerator equal to the aggregate Fair Market Value of the Pledged Spare Parts (as set forth in the Independent Appraiser’s Certificate most recently delivered prior to such date of determination) that are appropriate for installation on, or use in, only such Aircraft Model, or the Engines or Spare Parts utilized only on such Aircraft Model, and (ii) a denominator equal to the aggregate Fair Market Value of the Pledged Spare Parts for all models of Aircraft (as set forth in such Independent Appraiser’s Certificate).

“**Redemption Price**” means the price at which the Securities may be redeemed, as set forth in paragraph 4 of the Securities.

“**Reduced Number of Aircraft**” means in the case of an Aircraft Model as to which the Company’s in-service fleet of such Aircraft Model is below the then applicable Specified Minimum for such Aircraft Model during each day of a period of any 60 consecutive days as provided in Section 4.11, the number of Aircraft of such Aircraft Model remaining in the Company’s in-service fleet as of the last day of such sixty-day period.

“**Repairable**” means a Pledged Spare Part that can be economically restored to a serviceable condition, but has a life that is materially shorter than the life of the flight equipment to which it relates (for the avoidance of doubt, a Repairable cannot be a Rotable and vice versa).

“**Responsible Officer**” means, when used with respect to the Trustee, any officer assigned by the Trustee to administer corporate trust matters or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“**Rotable**” means a Pledged Spare Part that wears over time and can be repeatedly restored to a serviceable condition over a period approximating the life of the flight equipment to which it relates.

“**Rotable/Repairable Ratio**” shall mean, as of any date of determination a percentage determined by dividing (i) the Fair Market Value of the Rotables and Repairables, as set forth in the most recent Independent Appraiser’s Certificate delivered by the Company pursuant to Section 4.10, by (ii) the outstanding principal balance of the Securities as of such date minus the sum of the Cash Collateral then held by the Securities Intermediary.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors.

“**Scheduled Payments**” means the sum of expected interest and principal payable on the Securities on each Interest Payment Date and the Stated Maturity as initially set forth on the Schedule 1 hereto, as “Scheduled Payments” in such Schedule 1 may be reduced from time to time in accordance with Section 3.08 hereto.

“**SEC**” means the Securities and Exchange Commission.

“**Section 1110**” means Section 1110 of the Bankruptcy Code.

“**Section 1110 Date**” means October 22, 1994.

“**Section 1110 Period**” means the continuous period of (i) 60 days specified in Section 1110(a)(2)(A) of the Bankruptcy Code (or such longer period, if any, agreed to under Section 1110(b) of the Bankruptcy Code), plus (ii) an additional period, if any, commencing with the trustee or debtor-in-possession in such proceeding entering into an agreement of the kind described in Section 1110(a)(2)(A) of the Bankruptcy Code and continuing until such time as such trustee or debtor-in-possession fails to perform its obligations thereunder such that the Collateral Agent is entitled to take possession of the applicable Pledged Spare Parts pursuant to the A Mortgage.

“**Secured Parties**” means, collectively, the Trustee, the Holders and the Collateral Agent.

“**Securities**” has the meaning set forth in the third paragraph of this Indenture.

“**Securities Act**” means the Securities Act of 1933, as amended, and any successor statute.

“**Securities Custodian**” means the Trustee, as custodian on behalf of the Depository with respect to the Global Securities, or any successor entity thereto.

“**Security**” means a permanent Global Security substantially in the form of Exhibit A attached hereto that bears the Global Security Legend and that is deposited with or on behalf of and registered in the name of the Depository or its nominee.

“**Security Documents**” means, collectively, the Mortgages and the Mortgage Supplements.

“**Serviceable Parts**” means Pledged Spare Parts in condition satisfactory for incorporation in, installation on, attachment or appurtenance to or use in an Aircraft, Engine or other Spare Parts.

“**Spare Parts**” means an accessory, appurtenance, appliance or part of an Aircraft (except an Engine) or Engine that is to be installed at a later time in an Aircraft or Engine.

“**Spare Parts Documents**” has the meaning set forth in clause (6) of the Granting Clause of the A Mortgage and the B Mortgage.

“**Special Default**” means the occurrence of any Default referred to in Section 6.01(i), (ii), (ix) and (x) hereunder.

“**Stated Maturity**” means, with respect to any Security, the date specified in such Security as the fixed date on which the outstanding principal balance of such Security is due and payable.

“**Subsidiary**” of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person, (ii) such Person and one or more Subsidiaries of such Person or (iii) one or more Subsidiaries of such Person.

“**Taxes**” means all taxes, charges, fees, levies or other assessments (including income, gross receipts, profits, withholding, excise, property, sales, use, license, occupation and franchise taxes and including any related interest, penalties or other additions thereto) imposed by any Governmental Authority (whether international, foreign or domestic).

“**Target Annual Yield Rate**” means a rate per annum equal to 17%.

“**TIA**” or “**Trust Indenture Act**” means the Trust Indenture Act of 1939, as amended (15 U.S.C. Sections 77aaa-77bbbb), as in effect on the Issue Date, except as provided in Section 9.03.

“**Transaction Documents**” means, collectively, this Indenture, the Securities, the Guarantee and the Security Documents.

“**Trustee**” means the Person named as the “Trustee” in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean the successor serving hereunder.

“**UCC**” means the Uniform Commercial Code as in effect in any applicable jurisdiction.

“**Underwriting Agreement**” means the Underwriting Agreement, dated as of June 26, 2009 between the Company, the Guarantor and the underwriters identified therein, relating to the sale and purchase of the Securities.

“**United States**” or “**U.S.**” means the United States of America; provided that for geographic purposes, “United States” means, in aggregate, the 50 States and the District of Columbia of the United States of America.

“**Unserviceable Parts**” means Pledged Spare Parts that are not Serviceable Parts.

“**U.S. Certificated Air Carrier**” means any United States air carrier that is a Citizen of the United States holding an air carrier operating certificate issued pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

“**U.S. Government**” means the federal government of the United States, or any instrumentality or agency thereof the obligations of which are guaranteed by the full faith and credit of the federal government of the United States.

Section 1.02 Other Definitions.

Term	Defined in Section
“Acquisition”	4.11
“Additional A Parts”	4.11
“Additional Parts”	4.11
“Additional Pledged Collateral”	4.11
“Additional Rotables/Repairables”	4.11
“Aircraft Model”	4.11
“Annual Valuation Date”	4.10
“DTC”	2.03
“Event of Default	6.01
“Move”	4.11
“New Appraiser Notice”	4.10
“New Location”	4.11
“Paying Agent”	2.03
“Permitted Days”	4.10
“Quarterly Valuation Date”	4.10
“Registrar”	2.03
“Securities Intermediary”	2.16
“Securities Account”	2.16
“Special Valuation Date”	4.10
“Specified Minimum”	4.11
“Valuation Date”	4.10

Section 1.03 Incorporation by Reference of Trust Indenture Act. This Indenture is subject to the mandatory provisions of the TIA, which are incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

“commission” means the SEC;

“indenture securities” means the Securities;

“indenture security holder” means a Holder;

“indenture to be qualified” means this Indenture;

“indenture trustee” or “institutional trustee” means the Trustee; and

“obligor” on the indenture securities means the Company and the Guarantor.

All other terms used in this Indenture, and not otherwise defined herein, that are defined by the TIA, defined by a TIA reference to another statute or defined by an SEC rule under the TIA have the meanings so assigned to them. All references in this Indenture to “Sections” or “Articles” are to Sections or Articles, as applicable, of this Indenture, unless otherwise expressly indicated.

Section 1.04 Rules of Construction. Unless the context otherwise requires: (1) a term has the meaning assigned to it; (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP; (3) “or” is not exclusive; (4) words in the singular include the plural, and in the plural include the singular; (5) words implying any gender shall apply to all genders; (6) the term “merger” includes a statutory compulsory share exchange and a conversion of a corporation into a limited liability company, a partnership or other entity and vice versa and (7) “including” means including without limitation.

ARTICLE II

THE SECURITIES

Section 2.01 Form and Dating.

(a) **General.** The Securities and the Trustee’s certificate of authentication shall be substantially in the form of Exhibit A to this Indenture, the terms of which are hereby incorporated into this Indenture. The Securities may have notations, legends or endorsements required by law, securities exchange rules, the Company’s articles of incorporation, bylaws, agreements to which the Company is subject, if any, or usage, provided that any such notation, legend or endorsement is in a form acceptable to the Company. Each Security shall be dated the date of its authentication. The Securities shall be in registered form without coupons and issued only in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Security conflicts with the express provisions of this Indenture, the provisions of this Indenture (to the extent permitted by law) shall govern and be controlling.

(b) **Global Securities.** Securities issued in global form shall be substantially in the form of Exhibit A attached hereto (including the Global Security Legend thereon. Securities issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Security Legend thereon). Each Global Security shall represent such of the outstanding Securities as shall be specified therein, and each shall provide that it shall represent the aggregate principal amount of outstanding Securities from time to time endorsed thereon and that the aggregate principal amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Securities represented thereby shall be made by the Trustee or the Securities Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06.

(c) **Definitive Securities.** Notwithstanding any other provision of this Article II, Definitive Securities shall only be issued in the specific circumstances set forth in Section 2.06(a).

Section 2.02 Execution and Authentication. One Officer of the Company shall sign the Securities on behalf of the Company by manual or facsimile signature. The Company's seal may be (but shall not be required to be) impressed, affixed, imprinted or reproduced on the Securities and may be in facsimile form.

If an Officer of the Company whose signature is on a Security no longer holds that office at the time the Trustee authenticates such Security or at any time thereafter, the Security shall be valid nevertheless.

A Security shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until authenticated by the manual or facsimile signature of an authorized signatory of the Trustee, which signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall authenticate and deliver a Global Security for original issue in an aggregate face principal amount of up to \$175,000,000 upon a written order of the Company signed by one Officer of the Company.

The aggregate face principal amount of Securities outstanding at any time may not exceed the aggregate face principal amount of Securities authorized for issuance by the Company pursuant to such written orders of the Company, except as provided in Section 2.07. Subject to the foregoing, the aggregate face principal amount of Securities that may be issued under this Indenture shall not be limited.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or any of its respective Affiliates.

Section 2.03 Registrar and Paying Agent. The Company shall maintain in the continental United States an office or agency where Securities may be presented for registration of transfer or exchange (“**Registrar**”) and an office or agency where Securities may be presented for payment (“**Paying Agent**”). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term “Registrar” includes any co-registrar and the term “Paying Agent” includes any additional paying agent.

The Company shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. The Company may change any Paying Agent or Registrar without notice to any Holder. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company may act as its own Paying Agent or Registrar.

The Company initially appoints Wells Fargo Bank Northwest, National Association, as Registrar and Paying Agent for the Securities at its Corporate Trust Office. The place of payment with respect to the Securities, in addition to the Corporate Trust Office of the Trustee, shall be The City of New York, and the Company hereby appoints Wells Fargo Bank Northwest, National Association, as its Paying Agent in The City of New York at its corporate trust office in such city, which, at the date hereof, is located at 45 Broadway, 14th Floor, New York, New York 10006-3007, the intention of the Company being that the Securities shall at all times be payable in The City of New York.

The immunities, protections and exculpations available to the Trustee under this Indenture shall also be available to each Agent, and the Company’s obligations under Section 7.07 to compensate and indemnify the Trustee shall extend likewise to each Agent.

The Company may remove any Registrar or Paying Agent upon written notice to such Registrar or Paying Agent and to the Trustee, *provided, however*, that no such removal shall become effective until (1) acceptance of any appointment by a successor as evidenced by an appropriate agreement entered into by the Company and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (2) notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (1) above. The Registrar or Paying Agent may resign at any time upon written notice to the Trustee and the Company; *provided, however*, that the Trustee may resign as Registrar or Paying Agent only if the Trustee also resigns as Trustee in accordance with Section 7.08.

The Company initially appoints The Depository Trust Company (“**DTC**”) to act as Depository with respect to the Global Security issued hereunder.

Section 2.04 Paying Agent to Hold Money in Trust. The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust

for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Securities, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. Upon payment over to the Trustee and upon accounting for any funds disbursed, the Paying Agent (if other than the Company) shall have no further liability for the money. If the Company or a Subsidiary of the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent.

Section 2.05 Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least 7 Business Days before each Interest Payment Date, and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders, and the Company shall otherwise comply with TIA Section 312(a).

Section 2.06 Transfer and Exchange.

(a) Transfer and Exchange of Global Securities. A Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. Global Securities also may be exchanged or replaced, in whole, as provided in Section 2.07. Owners of beneficial interests in Global Securities shall not be entitled to receive Definitive Securities unless:

(1) the Company delivers to the Trustee and the Registrar notice from the Depository that it is unwilling or unable to continue to act as Depository or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 90 days; or

(2) there has occurred and is continuing an Event of Default and owners of beneficial interests in the Global Securities in an amount not less than a majority of the aggregate outstanding principal amount of the Global Securities have delivered to the Company and the Trustee a notice indicating that the continuation of the book-entry system through the Depository is no longer in the best interests of the holders of the beneficial interests.

Upon the occurrence of either of the events in clause (1) or (2) above and surrender to the Trustee of the Global Securities held by the Depository, Definitive Securities shall be issued in such names and authorized denominations as the Depository shall instruct the Trustee and the Registrar in accordance with the Applicable Procedures. Neither the Company nor the Trustee

or the Registrar will be liable for any delay by the Depositary in identifying the owners of beneficial interests in a Global Security, and each of the Company, the Trustee and the Registrar may conclusively rely on, and will be protected in relying on, instructions from the Depositary for all purposes of this Indenture.

(b) Transfer and Exchange of Beneficial Interests in the Global Securities. The transfer and exchange of beneficial interests in the Global Securities shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures.

(c) Transfer and Exchange of Definitive Securities for Definitive Securities. Upon request by a Holder of Definitive Securities and such Holder's compliance with the provisions of this Section 2.06(c), the Registrar shall register the transfer or exchange of Definitive Securities. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Securities duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing.

(d) Global Security Legend. Each Global Security shall bear a legend in substantially the following form:

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE REGISTRAR MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.10 OF THE INDENTURE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS GLOBAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC")

TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY IS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. HOLDERS MAY CONTACT THE VICE PRESIDENT AND TREASURER OF THE COMPANY, 77 WEST WACKER DRIVE, CHICAGO, ILLINOIS 60601, TELEPHONE (312) 997-8000, WHO WILL PROVIDE, UPON REQUEST, THE INFORMATION RELATING TO ORIGINAL ISSUE DISCOUNT FOR THIS SECURITY, INCLUDING THE ISSUE PRICE, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE DATE AND THE YIELD TO MATURITY THEREOF. THE COMPANY SHALL PROMPTLY NOTIFY THE TRUSTEE OF ANY CHANGE TO SUCH CONTACT INFORMATION AND THE TRUSTEE, UPON RECEIPT OF SUCH NOTICE FROM THE COMPANY, SHALL PROMPTLY PROVIDE THE HOLDERS WITH THE NEW CONTACT INFORMATION.

(e) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Global Securities and Definitive Securities upon the Company's order or at the Registrar's request.

(2) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge or other fee required by law and payable in connection therewith (other than any such transfer Taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.09, 3.06 and 9.05).

(3) All Global Securities and Definitive Securities issued upon any registration of transfer or exchange of Global Securities or Definitive Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Securities or Definitive Securities surrendered upon such registration of transfer or exchange.

(4) None of the Company, the Trustee or the Registrar shall be required (A) to issue, to register the transfer of or to exchange any Securities during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption under Section 3.03 and ending at the close of business on such day or (B) to register the transfer of or to exchange any Securities so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

(5) [Intentionally omitted].

(6) The Trustee shall authenticate Global Securities and Definitive Securities upon receipt of a written order of the Company signed by one of its Officers and in accordance with the other provisions of Section 2.02 to the extent applicable.

(7) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 2.07 Replacement Securities. If a mutilated Security is surrendered to the Registrar or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security with the same Stated Maturity and principal amount (including any Accreted Principal due) if the requirements of Section 8-405 of the Uniform Commercial Code are met, such that the Holder (a) provides evidence satisfactory to the Company and the Trustee of such loss, destruction or wrongful taking within a reasonable time after such Holder has notice of such loss, destruction or wrongful taking and the Registrar has not registered a transfer prior to receiving such notification, (b) makes such request to the Company or Trustee prior to the Security being acquired by a protected purchaser as defined in Section 8-303 of the Uniform Commercial Code (a “protected purchaser”) and (c) satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such Holder must furnish an indemnity bond that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent or any authenticating agent from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee may charge for their expenses in replacing a Security and may require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto. If, after the delivery of such replacement Security, a protected purchaser of the original Security in lieu of which such replacement Security was issued presents for payment or registration such original Security, the Trustee shall be entitled to recover such replacement Security from the Person to whom it was delivered or any Person taking therefrom, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Trustee or the Company in connection therewith. Every replacement Security is a contractual obligation of the Company.

In case any such mutilated, destroyed, lost or wrongfully taken Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or wrongfully taken Securities.

Section 2.08 Outstanding Securities. The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Security effected by the Trustee hereunder and those described in this Section 2.08 as not outstanding; provided, however, that in determining whether the Holders of the requisite principal amount of outstanding Securities are present at a meeting of Holders of Securities for quorum purposes or have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment or modification hereunder, Securities held for the account of the Company or any of its Affiliates shall be disregarded and deemed not to be outstanding, except that in determining whether the Trustee shall be protected in making such a determination or relying upon any such quorum, consent or vote, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded; provided, that (i) if any such Person owns 100% of the Securities or beneficial interest therein, such Securities shall not be so disregarded as aforesaid, and (ii) if any amount of Securities so owned by any such Person have been pledged in good faith, such Securities shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any Affiliate thereof.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a protected purchaser.

If the principal amount (including any Accreted Principal) of any Security is considered paid under Section 4.01, it ceases to be outstanding and interest on it ceases to accrue.

Section 2.09 Temporary Securities. Until Definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of Definitive Securities, but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Definitive Securities in exchange for temporary Securities. Until so exchanged, temporary Securities shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities.

Section 2.10 Cancellation. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation. All canceled Securities held by the Trustee shall be disposed of in accordance with the usual disposal procedures of the Trustee. The Company may not issue new Securities to replace Securities that have been paid or that have been delivered to the Trustee for cancellation.

Section 2.11 Defaulted Interest. If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest on the defaulted interest, in each case at the applicable rate provided in the Securities and in the manner provided in Section 4.01. The Company may pay the defaulted interest to the Persons who are Holders on a subsequent special record date. At least 15 days before any special record date, the Company (or the Trustee, in the name of and at the expense of the Company) shall mail to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.12 Persons Deemed Owners. The Company, the Trustee, any Agent and any authenticating agent may treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payments of principal of (including any Accreted Principal due) or interest on such Security and for all other purposes. None of the Company, the Trustee, any Agent or any authenticating agent shall be affected by any notice to the contrary.

Section 2.13 CUSIP Numbers. The Company in issuing the Securities may use “CUSIP” or similar numbers (if then generally in use), and, if so, the Trustee shall use such numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in any such number.

Section 2.14 Global Securities. (a) The Securities will initially be issued as a Global Security, to be delivered to DTC, the initial Depository, by, or on behalf of, the Company. The Global Security delivered to DTC shall initially be registered on the Register in the name of Cede & Co., the nominee of the initial Depository, and no beneficial owner will receive a definitive certificate representing such beneficial owner’s interest in the Securities, except as provided in Section 2.06(a). Unless and until Definitive Securities have been issued pursuant to Section 2.06(a):

(i) the provisions of this Section 2.14 shall be in full force and effect;

(ii) the Company, the Paying Agent, the Registrar and the Trustee may deal with the Participants for all purposes (including the making of distributions on the Securities) as the authorized representatives of the beneficial owners;

(iii) the rights of beneficial owners shall be exercised only through the Depository and shall be limited to those established by law and agreements between such beneficial owners and the Participants; and until Definitive Securities are issued pursuant to Section 2.06(a), the Depository will make book-entry transfers among the Participants and receive and transmit distributions of principal and interest and premium, if any, on the Securities to such Participants; and

(iv) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Holders of the Securities holding Securities evidencing a specified percentage of the outstanding principal amount of the Securities, the Depositary shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from beneficial owners and/or Participants owning or representing, respectively, such required percentage of the beneficial interest in the Global Securities and has delivered such instructions to the Trustee. The Trustee shall have no obligation to determine whether the Depositary has in fact received any such instructions.

(b) Whenever notice or other communication to the Holders is required under this Indenture, unless and until Definitive Securities shall have been issued pursuant to Section 2.06(a), the Trustee shall give all such notices and communications specified herein to be given to Holders to the Depositary and/or the Participants, and shall make available additional copies as requested by such Participants.

Section 2.15 Release of Cash Collateral and/or Additional Pledged Collateral.

(a) If (i) the Collateral Ratio is less than the Maximum Collateral Ratio, (ii) the A Pledged Collateral Ratio is greater than the Minimum A Pledged Collateral Ratio, and (iii) the Rotable/Repairable Ratio is greater than the Minimum Rotable/Repairable Ratio, in each case as most recently determined pursuant to Section 4.10, and the Trustee at such time holds any Cash Collateral and/or Additional Pledged Collateral as of the Valuation Date for such Collateral Ratio, A Pledged Collateral Ratio or Rotable/Repairable Ratio (or subsequent date as of which such ratio was recalculated pursuant to Section 4.10), then upon at least 5 Business Days prior written notice of the Company to the Trustee and so long as no Event of Default or Special Default has occurred and is continuing, the Trustee shall distribute to the Company an amount of the Cash Collateral and/or Additional Pledged Collateral, as requested by the Company, such that (x) the Collateral Ratio would not be greater than the Maximum Collateral Ratio, (y) the A Pledged Collateral Ratio would not be less than the Minimum A Pledged Collateral Ratio, and (z) the Rotable/Repairable Ratio would not be less than the Minimum Rotable/Repairable Ratio, giving effect to such payment or such release (but otherwise using the information used as of such most recent determination date to determine such ratio).

(b) Upon the termination of this Indenture pursuant to Section 8.01, the Trustee shall promptly distribute to the Company any Cash Collateral, Investment Security, investment earnings thereon, and other property, if any, then remaining in the Securities Account (defined below).

Section 2.16 Securities Account.

Wells Fargo Bank Northwest, National Association (“**Wells Fargo**”) agrees to act as an Eligible Institution under this Indenture in accordance with the provisions of this Indenture (in such capacity, the “**Securities Intermediary**”) for the purpose of holding any Cash Collateral. Except in its capacity as Trustee, Wells Fargo waives any claim or lien against any Eligible

Account it may have, by operation of law or otherwise, for any amount owed to it by Company. The Securities Intermediary hereby agrees that, notwithstanding anything to the contrary in the Indenture, (i) any amounts of Cash Collateral to be held by the Trustee and any investment earnings thereon or other Investment Security will be credited to an Eligible Account (the “**Securities Account**”) for which it is a “securities intermediary” (as defined in Section 8-102(a)(14) of the NY UCC) and the Trustee is the “entitlement holder” (as defined in Section 8-102(a)(7) of the NY UCC) of the “securities entitlement” (as defined in Section 8-102(a)(17) of the NY UCC) with respect to each “financial asset” (as defined in Section 8-102(a)(9) of the NY UCC) credited to such Eligible Account, (ii) all such amounts, any Investment Security and all other property acquired with cash credited to the Securities Account will be credited to the Securities Account, (iii) all items of property (whether cash, investment property, Investment Security, other investments, securities, instruments or other property) credited to the Securities Account will be treated as a “financial asset” under Article 8 of the NY UCC, (iv) its “securities intermediary’s jurisdiction” (as defined in Section 8-110(e) of the NY UCC) with respect to the Securities Account is the State of New York, and (v) all securities, instruments and other property in order or registered from and credited to the Securities Account shall be payable to or to the order of, or registered in the name of, the Securities Intermediary or shall be endorsed to the Securities Intermediary or in blank, and in no case whatsoever shall any financial asset credited to the Securities Account be registered in the name of the Company, payable to or to the order of the Company or specially indorsed to the Company except to the extent the foregoing have been specially endorsed by the Company to the Securities Intermediary or endorsed in blank. The Trustee agrees that it will hold (and will indicate clearly in its books and records that it holds) its “securities entitlement” to the “financial assets” credited to the Securities Account in trust for the benefit of the Holders as set forth in this Indenture. The Company acknowledges that, by reason of the Trustee being the “entitlement holder” in respect of the Securities Account as provided above, the Trustee shall have the sole right and discretion, subject only to the terms of this Indenture, to give all “entitlement orders” (as defined in Section 8-102(a)(8) of the NY UCC) with respect to the Securities Account and any and all financial assets and other property credited thereto to the exclusion of the Company; provided, however, in no event shall the consent of the Company be required as a condition to Wells Fargo complying with any such entitlement order of the Trustee.

ARTICLE III

REDEMPTION

Section 3.01 Notices to Trustee. If the Company shall redeem the Securities pursuant to the redemption provisions of Section 3.07, it shall furnish to the Trustee, at least 5 days before notice of such redemption is to be given pursuant to Section 3.03, an Officer’s Certificate setting forth the Redemption Date, the aggregate principal amount of such Securities to be redeemed and the Redemption Price.

Section 3.02 Selection of Securities to be Redeemed. If less than all of the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed by such method as the Trustee in its sole discretion shall deem fair and appropriate. The particular Securities to be redeemed shall be selected by the Trustee from the outstanding Securities not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the aggregate principal amount thereof to be redeemed. Securities and portions of them selected shall be in minimum amounts of \$1,000 and integral multiples of \$1,000 in excess thereof. Except as provided in the preceding sentence, provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

Section 3.03 Notices to Holders.

(a) At least 20 days but not more than 75 days before a Redemption Date (unless a different notice period is specified in the Securities), the Company shall mail in conformity with Section 11.02 a notice of redemption to each Holder whose Securities are to be redeemed. The notice shall identify the Securities to be redeemed (including CUSIP or similar numbers, if any) and shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) if any Security is being redeemed in part, the portion of the outstanding principal balance of such Security to be redeemed and that, after the Redemption Date, upon surrender of such Security, a new Security or Securities in principal amount equal to the principal amount deemed to be outstanding will be issued;

(iv) the name and address of the Paying Agent;

(v) that Securities called for redemption must be surrendered to the Paying Agent at the address specified in such notice to collect the Redemption Price;

(vi) that unless the Company defaults in making the redemption payment, interest on Securities called for redemption ceases to accrue on and after the Redemption Date and the only remaining right of the Holders is to receive payment of the Redemption Price upon surrender to the Paying Agent of the Securities; and

(vii) the aggregate principal amount of Securities being redeemed.

If any of the Securities to be redeemed is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depository applicable to redemptions.

(b) At the Company's request, the Trustee shall give the notice required in Section 3.03(a) in the Company's name; provided, however, that the Company shall deliver to the Trustee, at least 15 days prior to the requested mailing date (unless the Trustee consents in writing to a shorter period), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in Section 3.03(a).

Section 3.04 Effect of Notices of Redemption. Once notice of redemption is mailed pursuant to Section 3.03, Securities called for redemption become due and payable on the Redemption Date at the Redemption Price. Upon surrender to the Paying Agent, such Securities shall be paid out at the Redemption Price. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

Section 3.05 Deposit of Redemption Price. At or prior to 11:00 a.m., New York City time, on the Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent immediately available funds sufficient to pay the Redemption Price of all Securities to be redeemed on that date. The Trustee or the Paying Agent shall return to the Company any money not required for that purpose.

If the Company complies with the preceding paragraph, interest on the Securities or portions thereof to be redeemed (whether or not such Securities are presented for payment) will cease to accrue on the applicable Redemption Date. If any Security called for redemption shall not be so paid upon surrender because of the failure of the Company to comply with the preceding paragraph, then interest will be paid on the unpaid principal from the Redemption Date until such outstanding principal is paid and, to the extent lawful, on any interest not paid on such unpaid principal, in each case at the rate provided in the Securities.

Section 3.06 Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder, at the expense of the Company, a new Security equal in principal amount to the principal amount deemed outstanding of the Security surrendered.

Section 3.07 Redemption. The Securities are subject to redemption on such terms and subject to such conditions as are specified in paragraph 4 of such Securities.

Any redemption pursuant to this Section 3.07 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06.

Section 3.08 Reduction of Remaining Scheduled Payments Upon Redemption of Securities. Upon any redemption of the Securities in accordance with the terms hereof, the then outstanding principal balance of the Securities shall be reduced pro tanto and interest on such reduced outstanding principal balance of the Securities shall accrue thereafter at the then applicable rate set forth in the Securities and the then remaining Scheduled Payments set forth in Schedule 1 hereto shall be reduced accordingly. The aforementioned reduction of the then remaining Scheduled Payments set forth in Schedule 1 hereto shall be calculated by the Trustee (and agreed to by the Company) using the same methodology as was used in connection with the preparation of the original Schedule 1 and the Trustee shall provide the updated Schedule 1 to the Company and the Collateral Agent and such updated Schedule 1 shall replace the then existing Schedule 1 in its entirety and shall be made a part of this Indenture.

ARTICLE IV**COVENANTS**

Section 4.01 Payment of Securities. The Company shall duly and punctually pay the aggregate principal amount of and interest on the Securities on the dates and in the manner provided in the Securities and this Indenture. Principal and interest shall be considered paid on the date due if the Paying Agent, other than the Company or a Subsidiary of the Company, holds by 11:00 a.m., New York City time, on that date money deposited by or on behalf of the Company designated for and sufficient to pay all aggregate outstanding principal and interest then due.

Further, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and interest (without regard to any applicable grace period), from time to time on demand at the applicable rate specified in the Securities.

Section 4.02 Maintenance of Office or Agency. So long as any of the Securities shall remain outstanding, the Company will, in accordance with Section 2.03, maintain an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, or the Registrar) in the continental United States where the Securities may be surrendered for exchange or registration of transfer as provided in this Indenture, where notices and demands to or upon the Company in respect to the Securities may be served, and where the Securities may be presented or surrendered for payment. The Company may also from time to time designate one or more other offices or agencies in the continental United States where Securities may be presented or surrendered for any and all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation under Section 2.03 to maintain an office or agency in The City of New York where any Securities may be presented or surrendered for payment. The Company will give to the Trustee prompt written notice of the location of any such office or agency and of any change of location thereof. In case the Company shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, such surrenders, presentations and demands may be made and notices may be served at the designated Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee its agent to receive at the aforesaid office all such surrenders, presentations, notices and demands.

Section 4.03 SEC Reports; Financial Statements. The Company covenants and agrees, so long as any Securities are outstanding, to provide the Trustee with copies, within 30 days after the Company files the same with the SEC, of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Company may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's

compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates). The Company also shall comply with the other provisions of TIA Section 314(a). Notwithstanding the foregoing, (a) if the Company is exempt from the registration requirements of Section 13 or 15(d) of the Exchange Act under Rule 12h-5 of the Exchange Act, the Company shall not be required to provide such annual reports and such information, documents and other reports to the Trustee so long as (i) the Guarantor files such annual reports and such information, documents and other reports with the SEC, (ii) the Guarantor and the Company are in compliance with the requirements set forth in Rule 3-10 of Regulation S-X under the Exchange Act and (iii) the Company provides the Trustee with such annual reports and such information, documents and other reports filed by the Guarantor and (b) the Company will be deemed to have furnished such reports referred to above to the Trustee if the Company or the Guarantor, as applicable, has filed such reports with the SEC via the EDGAR filing system and such reports are publicly available.

Section 4.04 Compliance Certificate; Opinions.

(a) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officer's Certificate stating that in the course of performance by the signing Officer of the Company of its duties as such Officer, it would normally have knowledge of any Default and whether or not the signer knows of any Default that occurred during such period. If it does, the certificate shall describe the Default, its status and what action the Company is taking or proposes to take with respect thereto. The Company also shall comply with TIA Section 314(a)(4).

(b) The Company shall deliver to the Trustee promptly following any request therefor, such other nonconfidential information regarding the Collateral, the operations, business affairs and financial condition of the Company or compliance with the terms of the Transaction Documents, as the Collateral Agent or any Holder may reasonably request.

Section 4.05 Corporate Existence. The Company shall at all times maintain its corporate existence under the laws of its jurisdiction of incorporation or formation, except as permitted by Article V, and shall at all times remain a U.S. Certificated Air Carrier.

Section 4.06 Waiver of Stay, Extension or Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law, which would prohibit or forgive the Company from paying all or any portion of the principal of (including any Accreted Principal due) or interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and (to the extent that they may lawfully do so) the Company hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 4.07 Notice of Change of Location. The Company will give the Trustee and the Collateral Agent timely written notice (but in any event within 30 days prior to the expiration of the period of time specified under applicable Law to prevent lapse of perfection) of any change in its "location" (as such term is used in Section 9-307 of the UCC) or legal name and will promptly take any action required by Section 3.07(a) of the Mortgages as a result of such change in location or legal name.

Section 4.08 Certain Assurances.

(a) The Company shall duly execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, in any case, as Collateral Agent shall reasonably request for accomplishing the purposes of this Indenture and the other Transaction Documents, provided that any instrument or other document so executed by Company will not expand any obligations or limit any rights of Company in respect of the transactions contemplated by the Indenture or any other Transaction Document.

(b) The Company shall promptly take such action with respect to the recording, filing, re-recording and re-filing of the Mortgages and any other action, as shall be necessary to continue the perfection and priority of the Lien created by the Mortgages and the other Security Documents.

(c) The Company, at its sole cost and expense, will cause the FAA Filed Documents, the Financing Statements and all continuation statements (and any amendments necessitated by any combination, consolidation or merger of the Company, or any change in location described in Section 4.07) in respect of the Financing Statements to be prepared and, subject only to the execution and delivery thereof by the Collateral Agent, duly and timely filed and recorded, or filed for recordation, to the extent permitted under the Act (with respect to the FAA Filed Documents) or the UCC or similar law of any other applicable jurisdiction (with respect to such other documents). The Collateral Agent, and not the Company, shall be responsible for any amendments to the foregoing documents and filings, recordings and registrations thereof necessitated in any such case by any combination, consolidation or merger of the Collateral Agent or change in the Collateral Agent's name, status, jurisdiction of organization or address.

(d) The Company will perform in full each of its obligations under each of the other Transaction Documents.

Section 4.09 Negative Pledge. The Company will not create, assume or suffer to exist any Lien on any Collateral, whether owned on the Issue Date or thereafter acquired by it, except Permitted Liens.

Section 4.10 Reports Regarding the Collateral.

(a) Annual Appraisal. So long as the Securities are outstanding, by the 10th Business Day of July in 2010 and by the 10th Business Day of July of each year thereafter, the

Company shall furnish the Trustee and the Rating Agencies an Independent Appraiser's Certificate signed by an Independent Appraiser, dated as of a date between the preceding June 25th and July 10th (inclusive). Each such Independent Appraiser's Certificate shall state, in the opinion of such Independent Appraiser, based upon use of the Annual Methodology, the following:

(i) the Fair Market Value of the Collateral (excluding any Cash Collateral and, for the avoidance of doubt, any Excluded Parts) as of a specified date within 45 days (the "**Permitted Days**") preceding the date of such Independent Appraiser's Certificate (the "**Annual Valuation Date**");

(ii) the Fair Market Value of the Rotables, Repairables and Expendables included in the Collateral as of the applicable Annual Valuation Date (and shall separately state the quantity of such Rotables, Repairables and Expendables);

(iii) the Fair Market Value of the Serviceable Parts and the Unserviceable Parts included in the Collateral as of the applicable Annual Valuation Date;

(iv) the Fair Market Value of the A Pledged Spare Parts (excluding, for the avoidance of doubt, any Excluded Parts) included in the Collateral as of the applicable Annual Valuation Date;

(v) the Fair Market Value of the Pledged Aircraft, if any, included in the Collateral as of the applicable Annual Valuation Date; and

(vi) the Fair Market Value of the Pledged Spare Engines, if any, included in the Collateral as of the applicable Annual Valuation Date.

Each annual Independent Appraiser's Certificate shall be accompanied by an Appraisal Compliance Report determined using data as of the applicable Annual Valuation Date. The Appraisal Compliance Report shall set forth the calculation of the Collateral Ratio, the A Pledged Collateral Ratio and the Rotable/Repairable Ratio based on the Fair Market Value of the Collateral, the A Pledged Spare Parts, the Pledged Aircraft, the Pledged Spare Engines and the Rotables set forth in such Independent Appraiser's Certificate, the Fair Market Value of Cash Collateral held by the Collateral Agent and the principal balance of the Securities outstanding, each as of the applicable Annual Valuation Date.

(b) Quarterly Appraisal. So long as the Securities are outstanding, by the 10th Business Day of October in 2009 and by the 10th Business Day of January, April and October in each year thereafter, the Company shall furnish the Trustee and the Rating Agencies an Independent Appraiser's Certificate signed by an Independent Appraiser, dated as of a date between the preceding December 21st and January 10th, March 25th and April 10th, and September 25th and October 10th (inclusive), as applicable. Each such quarterly Independent Appraiser's Certificate shall state, in the opinion of such Independent Appraiser, based upon the use of the Quarterly Methodology, the following:

(i) the Fair Market Value of the Collateral (excluding any Cash Collateral and, for the avoidance of doubt, any Excluded Parts) as of a specified date within the Permitted Days preceding the date of such Certificate (the "**Quarterly Valuation Date**");

(ii) the Fair Market Value of the Rotables, Repairables and Expendables (in each case, excluding for the avoidance of doubt, any Excluded Parts) included in the Collateral as of the applicable Quarterly Valuation Date (and shall separately state the quantity of such Rotables, Repairables and Expendables);

(iii) the Fair Market Value of the Serviceable Parts and the Unserviceable Parts included in the Collateral as of the applicable Quarterly Valuation Date;

(iv) the Fair Market Value of the A Pledged Spare Parts (excluding, for the avoidance of doubt, any Excluded Parts) included in the Collateral as of the applicable Quarterly Valuation Date;

(v) the Fair Market Value of the Pledged Aircraft, if any, included in the Collateral as of the applicable Quarterly Valuation Date; and

(vi) the Fair Market Value of the Pledged Spare Engines, if any, included in the Collateral as of the applicable Quarterly Valuation Date.

Each quarterly Independent Appraiser's Certificate shall be accompanied by an Appraisal Compliance Report determined using data as of the applicable Quarterly Valuation Date. The Appraisal Compliance Report provided with the quarterly Independent Appraiser's Certificate shall set forth the calculation of the Collateral Ratio, the A Pledged Collateral Ratio, and the Rotable/Repairable Ratio based on the Fair Market Value of the Collateral, the A Pledged Spare Parts, the Pledged Aircraft, the Pledged Spare Engines and Rotables and Repairables set forth in such Independent Appraiser's Certificate, the Fair Market Value of Cash Collateral held by the Collateral Agent and the outstanding principal balance of the Securities, each as of the applicable Quarterly Valuation Date.

(c) [intentionally omitted.]

(d) Special Reports. The Trustee may if an Event of Default occurs, at any time while such Event of Default is continuing, request by written notice to the Company that the Company furnish to the Trustee and each Rating Agency a special Independent Appraiser's Certificate. Any such special Independent Appraiser's Certificate shall state, in the opinion of such Independent Appraiser, based upon use of the Annual Methodology, the following:

(i) the Fair Market Value of the Collateral (excluding any Cash Collateral and, for the avoidance of doubt, any Excluded Parts) as of a specified date within the Permitted Days preceding the date of such Certificate (the "**Special Valuation Date**" and, together with each Annual Valuation Date and Quarterly Valuation Date, the "**Valuation Dates**");

- (ii) the Fair Market Value of the Rotables, Repairables and the Expendables included in the Collateral as of the applicable Special Valuation Date (and shall separately state the quantity of such Rotables, Repairables and Expendables);
- (iii) the Fair Market Value of the Serviceable Parts and the Unserviceable Parts included in the Collateral as of the applicable Special Valuation Date;
- (iv) the Fair Market Value of the A Pledged Spare Parts (excluding, for the avoidance of doubt, any Excluded Parts) included in the Collateral as of the applicable Special Valuation Date;
- (v) the Fair Market Value of the Pledged Aircraft, if any, included in the Collateral as of the applicable Special Valuation Date; and
- (vi) the Fair Market Value of the Pledged Spare Engines, if any, included in the Collateral as of the applicable Special Valuation Date.

The Company shall furnish to the Trustee and each Rating Agency any such requested special Independent Appraiser's Certificate reasonably promptly after receipt of such request. Notwithstanding the foregoing, the Company shall not be obligated (i) to furnish any Independent Appraiser's Certificate under this Section 4.10 during the Section 1110 Period (excluding any extension of the sixty (60) day period specified in Section 1110(a)(i) pursuant to Section 1110(b)) or (ii) to deliver pursuant to this Section 4.10 an Independent Appraiser's Certificate more than twice in any six (6) month period. Upon written request of the Trustee following the occurrence and during the continuance of any Event of Default, the Company shall furnish to the Trustee and each Rating Agency a recent Parts Inventory Report and a report showing the percentage of the total cost of the Pledged Spare Parts located at each Designated Location (determined, with respect to each model of Spare Part included in the Pledged Spare Parts, using the average cost of the Pledged Spare Parts of such model multiplied by the quantity of such model included in the Pledged Spare Parts) as of the same date as the date of such Parts Inventory Report.

(e) Information from the Trustee. The Fair Market Value of any Investment Security included in the Cash Collateral for purposes of this Agreement shall be determined by the Trustee in accordance with customary financial market practices. The Trustee shall inform the Company of the Accreted Principal of the Securities outstanding and the Fair Market Value of any Investment Security included in the Collateral, in each case as of any Valuation Date or for purposes of Section 4.11, promptly after the Company's request for such information.

(f) Independent Appraiser. If the Trustee has a reasonable basis for concluding that the performance of the Independent Appraiser that executed the most recent Independent Appraiser's Certificate delivered pursuant to this Section 4.10 was not satisfactory,

the Trustee may designate another Independent Appraiser to perform the next required appraisal under this Section 4.10 by written notice (“**New Appraiser Notice**”) given to the Company within 30 days after such most recent Independent Appraiser’s Certificate. The Company shall use such other Independent Appraiser designated by the Trustee for the next appraisal.

Section 4.11 Collateral Requirements.

(a) Maintenance of Collateral Ratio, A Pledged Collateral Ratio and Rotable/Repairable Ratio.

(i) If the Collateral Ratio, as most recently determined pursuant to an Appraisal Compliance Report, is greater than the Maximum Collateral Ratio, the Company shall within 45 days after the date of the Appraisal Compliance Report setting forth the calculation of such ratios:

(A) subject additional Spare Parts (the “**Additional Parts**”) to the Lien of either the A Mortgage or the B Mortgage, provided that all Additional Parts subjected to the Lien of the A Mortgage shall have been first placed in service after October 22, 1994, and no other Additional Parts not so placed in service shall at any time be subjected to the Lien of the A Mortgage;

(B) grant a security interest in any Pledged Spare Engine(s) and/or Pledged Aircraft to secure the Obligations for the benefit of the Holders (which thereafter will be included as “**Collateral**”), provided that (1) the Company shall subject any new Pledged Spare Engine(s) and/or Pledged Aircraft to the Lien of the C Mortgage, (2) the Company shall have furnished one or more legal opinions of counsel satisfactory to the Collateral Agent to the effect that any Pledged Spare Engine(s) and/or Pledged Aircraft is entitled to the benefits of Section 1110 and to a first priority perfected security interest for the benefit of the Collateral Agent and that the security interest and international interest therein has been perfected at the FAA Aircraft Registry and at the International Registry and is effective against third parties without any prior registered interests and (3) the Company shall have furnished a certificate of an Independent Appraiser stating its opinion that the Fair Market Value of such Pledged Spare Engine(s) and/or Pledged Aircraft equals at least the value of the additional Spare Parts that would have been necessary to meet such Collateral Ratio;

(C) grant a security interest to the Collateral Agent in other property to secure the Obligations for the benefit of the Holders, provided that the Company shall have received, with respect to the use for purposes of this Section 4.11 of such additional collateral, Rating Confirmation with respect to the Securities;

(D) provide additional cash and/or Investment Securities to the Trustee; provided that the amount of Cash Collateral included in the Collateral, after giving effect to the action taken pursuant to Sections 4.11(a)(i), 4.11(a)(ii) and 4.11(a)(iii) with respect to such Valuation Date, shall not exceed \$20,000,000;

(E) redeem some or all of the Securities pursuant to Article III of this Indenture to the extent necessary to satisfy the Collateral Ratio requirement; or

(F) any combination of the foregoing; such that, the Collateral Ratio, as recalculated giving effect to such action taken pursuant to this Section 4.11(a)(i) and, in the case of clauses (A), (B), (C) and (D) of this Section 4.11(a)(i), using the Fair Market Value of any such additional Collateral determined pursuant to Section 4.11(a)(v) (but otherwise using the information used to determine the Collateral Ratio as most recently determined pursuant to Section 4.10), would not be greater than the Maximum Collateral Ratio.

(ii) If the A Pledged Collateral Ratio, as most recently determined pursuant to an Appraisal Compliance Report, is less than the Minimum A Pledged Collateral Ratio, as most recently determined pursuant to an Appraisal Compliance Report, the Company shall within 45 days after the date of the Appraisal Compliance Report setting forth the calculation of such ratios:

(A) subject additional Spare Parts first placed in service after October 22, 1994 (the “**Additional A Parts**”) to the Lien of the A Mortgage;

(B) grant a security interest in any Pledged Spare Engine(s) and/or Pledged Aircraft to secure the Obligations for the benefit of the Holders (which thereafter will be included as “Collateral”), provided that (1) the Company shall subject any such Pledged Spare Engine(s) and/or Pledged Aircraft to the Lien of the C Mortgage, (2) the Company shall have furnished one or more legal opinions of counsel satisfactory to the Collateral Agent to the effect that any Pledged Spare Engine(s) and/or Pledged Aircraft is entitled to the benefits of Section 1110 and to a first priority perfected security interest for the benefit of the Collateral Agent and that the security interest and international interest therein has been perfected at the FAA Aircraft Registry and at the International Registry and is effective against third parties without any prior registered interests and (3) the Company shall have furnished a certificate of an Independent Appraiser stating its opinion that the Fair Market Value of such Pledged Spare Engine(s) and/or Pledged Aircraft equals at least the value of the additional Spare Parts that would have been necessary to meet such A Pledged Collateral Ratio;

(C) provide additional cash and/or Investment Securities to the Trustee; provided that the amount of Cash Collateral included in the Collateral, after giving effect to the action taken pursuant to Sections 4.11(a)(i), 4.11(a)(ii) and 4.11(a)(iii) with respect to such Valuation Date, shall not exceed \$20,000,000;

(D) redeem some or all of the Securities pursuant to Article III of this Indenture to the extent necessary to satisfy the A Pledged Collateral Ratio requirement; or

(E) any combination of the foregoing; such that, the A Pledged Collateral Ratio, as recalculated giving effect to such action taken pursuant to this Section 4.11(a)(ii) and, in the case of clauses (A), (B) and (C) of this Section 4.11(a)(ii), using the Fair Market Value of any such additional Collateral determined pursuant to Section 4.11(a)(v) (but otherwise using the information used to determine the A Pledged Collateral Ratio as most recently determined pursuant to Section 4.10), would not be less than the Minimum A Pledged Collateral Ratio.

(iii) If the Rotable/Repairable Ratio, as most recently determined pursuant to an Appraisal Compliance Report, is less than the Minimum Rotable/Repairable Ratio, the Company shall within 45 days after the date of the Appraisal Compliance Report setting forth the calculation of such Rotable/Repairable Ratio;

(A) subject additional Rotables or Repairables (the “**Additional Rotables/Repairables**”) to the Lien of either of the A Mortgage or B Mortgage, provided that all Additional Rotables/Repairables subjected to the Lien of the A Mortgage shall have been first placed in service after October 22, 1994, and no other Additional Rotables/Repairables not so placed in service shall at any time be subjected to the Lien of the A Mortgage;

(B) provide additional cash and/or Investment Securities to the Trustee; provided that the amount of Cash Collateral included in the Collateral, after giving effect to the action taken pursuant to Sections 4.11(a)(i), 4.11(a)(ii) and 4.11(a)(iii) with respect to such Valuation Date, shall not exceed \$20,000,000;

(C) redeem some or all of the Securities pursuant to Article III of this Indenture to the extent necessary to satisfy the Rotable/Repairable Ratio requirement; or

(D) any combination of the foregoing; such that, the Rotable/Repairable Ratio, as recalculated giving effect to such action taken pursuant to this Section 4.11(a)(iii) and, in the case of clauses (A) and (B) of this Section 4.11(a)(iii), using the Fair Market Value of any such additional Collateral determined pursuant to Section 4.11(a)(v) (but otherwise using the information used to determine the Rotable/Repairable Ratio as most recently determined pursuant to Section 4.10), would not be less than the Minimum Rotable/Repairable Ratio.

(iv) In order to comply with Section 4.11(a)(i)(A), Section 4.11(a)(ii)(A) or Section 4.11(a)(iii)(A), the Company shall (i) add one or more locations as Designated Locations pursuant to the Mortgages, in which case the Spare Parts, Rotables or Repairables, as the case may be, at such new Designated Locations, to the extent not included in the Pledged Spare Parts on the preceding Valuation Date, shall be deemed Additional Parts, Additional A Parts or Additional Rotables/Repairables, as the case may be; and/or (ii) add to a Designated Location Spare Parts, Rotables or Repairables, as the case may be, that were not included as Pledged Spare Parts on the preceding Valuation Date, which shall be deemed Additional Parts, Additional A Parts or Additional Rotables/Repairables, as the case may be.

(v) In connection with the provision of additional Collateral pursuant to clause (A), (B) or (C) of Section 4.11(a)(i) or clause (A) or (B) of Section 4.11(a)(ii), or clause (A) of Section 4.11(a)(iii) the Company shall furnish to the Trustee (with a copy to the Rating Agencies) an Independent Appraiser's Certificate signed by an Independent Appraiser, dated as of a date after the most recent Valuation Date, stating, in the opinion of such Independent Appraiser, the Fair Market Value of such additional Collateral (other than Cash Collateral), as of a date not earlier than 60 days prior to the date of such Independent Appraiser's Certificate (but not earlier than the most recent Valuation Date) and using, in the case of Additional Parts, Additional A Parts or Additional Rotables/Repairables, the Annual Methodology. Notwithstanding the foregoing, if the Company shall have provided additional Collateral in the form of Pledged Aircraft and/or Pledged Spare Engine Collateral pursuant to Sections 4.11(a)(i)(B) or 4.11(a)(ii)(B) of this Indenture and Sections 3.04(e) and 3.05(a) of the C Mortgage (the "**Additional Pledged Collateral**") the maximum amount of Fair Market Value of such Additional Pledged Collateral (including Additional Pledged Collateral then to become part of the Collateral) as then determined by an Independent Appraiser which may be used for purposes of determining the Collateral Ratio and/or the A Pledged Collateral Ratio shall not be in excess of twenty percent (20%) of the required Fair Market Value of the A Pledged Spare Parts necessary in order for the A Pledged Collateral Ratio to equal the Minimum A Pledged Collateral Ratio.

(vi) If the Company shall have provided Cash Collateral pursuant to Section 4.11(a)(i)(D), 4.11(a)(ii)(C) or Section 4.11(a)(iii)(B) (the "**Temporary Cash Collateral**"), it shall within 45 days after providing such Temporary Cash Collateral (i) in the case of Section 4.11(a)(i)(D), take additional action pursuant to Section 4.11(a)(i) (excluding the right to provide Cash Collateral) to cause the Collateral Ratio, calculated to exclude such Temporary Cash Collateral, not to be greater than the Maximum Collateral Ratio and (ii) in the case of Section 4.11(a)(ii)(C) and Section 4.11(a)(iii)(B), take additional action pursuant to Section 4.11(a)(ii) and Section 4.11(a)(iii) (excluding the right to provide Cash Collateral), as applicable, to cause the A Pledged Collateral Ratio and the Rotable/Repairable Ratio, calculated to exclude such Temporary Cash Collateral, not to be less than the Minimum A Pledged Collateral Ratio and Minimum Rotable/Repairable Ratio, respectively.

(b) **Certain Limitations Regarding the Collateral.** The Company agrees that in the event that it shall either (x) move, either in a single move or series of moves, (any such move(s), a “**Move**”) Pledged Spare Parts from one or more then existing Designated Locations owned or leased by the Company to, or (y) acquire, either in a single acquisition or series of acquisitions (any such acquisition(s), an “**Acquisition**”) new Spare Parts from a vendor or supplier which are thereafter stored at, in each case, another single location in the United States which shall, at such time, not be a Designated Location but shall also be owned or leased by the Company (any such location, a “**New Location**”), it shall, within 30 days following the arrival of such Pledged Spare Parts or Spare Parts, as applicable, at the relevant New Location and provided that following such Move or Acquisition there shall be in aggregate at such New Location Spare Parts in excess of 1% of the Appraised Value of all Pledged Spare Parts, cause such New Location to become a Designated Location in accordance with the requirements set forth in Section 3.02(b)(ii) of the A Mortgage and/or the B Mortgage, as applicable.

(c) **Fleet Reduction.** If at any time after the Closing Date so long as any Securities are outstanding, the total number of Aircraft of any Aircraft Model (as defined below) in the Company’s in-service fleet during any period of 60 consecutive days is less than the Specified Minimum (as defined below) (other than due to restrictions on operating such Aircraft imposed by the FAA or any other instrumentality or agency of the United States and other than during periods (not to exceed 90 days) of temporary storage), then, (i) within thirty (30) days after the officers of the Company gain knowledge of such occurrence, the Company shall notify the Trustee of such occurrence, and (ii) within 45 days after such occurrence the Company shall redeem the Securities pursuant to Section 3.07 in an aggregate principal amount equal to the product of (A) the Redemption Percentage multiplied by (B) the aggregate principal amount of the Securities outstanding.

For purposes of this Section “**Aircraft Model**” shall mean each of the models or groups of models of Aircraft set forth below the and “**Specified Minimum**” for any Aircraft Model shall mean the number of Aircraft set forth opposite such Aircraft Model below:

<u>Aircraft Model</u>	<u>Specified Minimum</u>
1. Airbus A319-100 and A320-200	100
2. Boeing 757-200	64
3. Boeing 747-400	16
4. Boeing 767-300	23
5. Boeing 777-200	34

Section 4.12 All Payments in Respect of Securities Secured by A Pledged Collateral. Without limiting the effect of any other Security Document and for the avoidance of doubt, it is acknowledged and agreed by each of the parties hereto that the Company’s obligations under the Securities (which are incorporated into the A Mortgage pursuant to Section 3.04 thereof) constitute “obligations of the debtor under the security agreement” for purposes of 11 U.S.C. § 1110(a)(2).

Section 4.13 Representation as to the Collateral. The Spare Parts constituting the Pledged Spare Parts represent, on the Closing Date, all of the Spare Parts owned by the Company which are located in the United States excluding (x) Excluded Parts (other than Excluded Parts described in clause (i) of the definition thereof), (y) Spare Parts in transit in the ordinary course of the Company's business, and (z) Spare Parts (which are immaterial in amount) held by vendors, sub-vendors, suppliers or other third parties, in each case for purposes of this clause (z) holding such Spare Parts in the ordinary course of the Company's business at locations which are not Designated Locations.

ARTICLE V

CONSOLIDATION, MERGER AND SALE

Section 5.01 Limitation on Mergers and Consolidations. The Company shall not consolidate with or merge into any other Person under circumstances in which the Company is not the surviving corporation, or convey, transfer or lease in one or more transactions all or substantially all of its assets to any other Person, unless:

(i) such Person is organized, existing and in good standing under the Laws of the United States, any State of the United States or the District of Columbia and, upon consummation of such transaction, such Person will be a U.S. Certificated Air Carrier;

(ii) such Person executes and delivers to the Trustee a duly authorized, legal, valid, binding and enforceable agreement, reasonably satisfactory in form and substance to the Trustee, containing an express, effective assumption by such Person of the due and punctual payment of the principal of and interest on all the Securities and any other amounts payable by the Company under the Transaction Documents and the performance and observance of each covenant, agreement and condition in the Transaction Documents to be performed or observed by the Company;

(iii) such Person makes such filings and recordings with the FAA pursuant to the Act as shall be necessary to evidence such consolidation or merger;

(iv) immediately after giving effect to such consolidation or merger no Event of Default shall have occurred and be continuing; and

(v) the Company shall have delivered to the Trustee, an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (ii) above comply with this Section 5.01 and that all conditions precedent herein provided relating to such transaction have been complied with (except that such opinion need not cover the matters referred to in clause (iv) above and may rely, as to factual matters, on a certificate of an officer of the Company) and, in the case of such opinion, that such assumption agreement has been duly authorized, executed and delivered by such successor Person and is enforceable against such successor Person in accordance with its

terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

Section 5.02 Successors Substituted. Upon any consolidation of the Company with, or merger of the Company into, any other Person, or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 5.01, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and the other Transaction Documents with the same effect as if such successor Person had been named as the Company herein and therein.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01 Events of Default. “Event of Default” means any one of the following events (whatever the reason for such Event of Default and whether such event shall be voluntary or involuntary or be effected by operation of Law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of the principal amount of any Security at its Maturity; or

(ii) default in the payment of interest on the principal amount of any Security or Make-Whole Amount when it becomes due and payable, and continuance of such default for a period of 10 Business Days; or

(iii) default in the payment of any amount payable under any other Transaction Document when due and such failure shall continue for a period of 30 days after receipt by the Company of written notice that such payment is overdue given to the Company by the Trustee or the Collateral Agent; or

(iv) failure by the Company (x) to comply with Section 4.11(a) of this Indenture or (y) to redeem the Securities when required pursuant to Section 4.11(c) of this Indenture; or

(v) any representation or warranty made by the Company in Sections 1(v), 1(vii), 1(viii), 1(ix), 1(x), 1(xi), 1(xii), 1(xiv) (limited solely to the first sentence therein), 1(xxvi), 1(xxvii), 1(xxviii), 1(xxix), 1(xxx) and 1(xxxi) of the Underwriting Agreement, Section 4.13 hereof, in any Transaction Document or in any certificate delivered in connection with any such representation or warranty shall prove to have been incorrect in any material respect when made, such incorrect representation or warranty is material at the time in question, and, if curable, the same shall remain uncured (to the extent of the adverse impact of such incorrectness on the interest of any Secured Party) for a period in excess of 60 days from and after the date of written notice thereof to the Company from the Trustee or the Collateral Agent; or

(vi) failure of the Company to carry and maintain, or cause to be carried and maintained, insurance in accordance with the provisions of Section 3.06 of any Mortgage; provided that no such lapse or cancellation shall constitute an Event of Default until the earlier of (i) 30 days after receipt by the Collateral Agent of written notice of such lapse or cancellation (or 7 days or such shorter time as may be standard in the industry with respect to war risk insurance) or (ii) the date that such lapse or cancellation is effective as to the Collateral Agent or any other Secured Party; or

(vii) default in the observance or performance, or breach, of any covenant of the Company in this Indenture or any other Transaction Document (other than a covenant a default in whose performance or whose breach is elsewhere in this Section 6.01 specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or the Collateral Agent, unless such failure is capable of being corrected and the Company shall be diligently proceeding to correct such failure, in which case there shall be no Event of Default unless and until such failure shall continue unremedied for a period of 270 days after receipt of such notice; or

(viii) the Company shall consent to the appointment of or taking possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Company shall admit in writing its inability to pay its debts generally as they come due or shall make a general assignment for the benefit of its creditors, or the Company shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief under any Bankruptcy Laws or insolvency laws (as in effect at such time), or an answer admitting the material allegations of a petition filed against it in any such case, or the Company shall seek relief by voluntary petition, answer or consent, under the provisions of any other Bankruptcy Law or similar law providing for the reorganization or winding-up of corporations (as in effect at such time), or the Company shall seek an agreement, composition, extension or adjustment with its creditors under such laws or the Company's board of directors shall adopt a resolution authorizing corporate action in furtherance of any of the foregoing; or

(ix) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Company, a receiver, trustee or liquidator of the Company or of any substantial part of its property, or any substantial part of the property of the Company shall be sequestered, or granting any other relief in respect of the Company as a debtor under any Bankruptcy Laws or other insolvency laws (as in effect at such time), and any such order, judgment, decree, or decree of appointment or sequestration shall remain in force undismitted, unstayed or unvacated for a period of 90 days after the date of entry thereof; or

(x) a petition against the Company in a proceeding under any Bankruptcy Laws or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to the Company, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Company of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days; or

(xi) the Company shall cease to be a U.S. Certificated Air Carrier as a result of the revocation of the Company's air carrier operating certificate or such operating certificate shall have been suspended and such suspension shall not have been terminated within a period of 30 days thereafter.

The Trustee shall not be deemed to know of a Default or Event of Default unless a Responsible Officer at the Corporate Trust Office of the Trustee has actual knowledge of such Default or Event of Default or the Trustee receives written notice at the Corporate Trust Office of the Trustee of such Default or Event of Default with specific reference to such Default, the Securities and this Indenture.

When a Default is cured, or when an Event of Default is deemed cured pursuant to Section 6.04, such Default or Event of Default, as the case may be, shall cease.

Section 6.02 Acceleration. If an Event of Default (other than an Event of Default specified in clause (viii), (ix) or (x) of Section 6.01) occurs and is continuing, the Trustee by notice to the Company may declare the Accreted Principal and all accrued and unpaid interest on all then outstanding Securities to be due and payable immediately. Upon any such declaration, the Accreted Principal plus all accrued and unpaid interest on the outstanding principal amount of the Securities as of such date of declaration (but without any Make-Whole Amount) (x) shall be immediately due and payable and (y) all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. If an Event of Default specified in clause (viii), (ix) or (x) of Section 6.01 occurs, the Accreted Principal plus all accrued and unpaid interest on the outstanding principal amount of the Securities as of such date of acceleration (but without any Make-Whole Amount) shall thereby automatically become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee or any Holder and all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. Upon an acceleration of the Securities, any remedy based on, or claim for payment of, the principal amount of the Securities shall be limited to the Accreted Principal thereof unless such acceleration is rescinded or annulled or such principal amount is reinstated, by agreement, operation of law or otherwise. No Make-Whole Amount shall be due and payable as a consequence of the acceleration of the Securities as a result of an Event of Default.

At any time after such an acceleration has occurred and before a judgment for payment of the money due has been obtained by the Trustee as hereinafter in this Article VI provided, the Holders of a majority in aggregate principal amount of the outstanding Securities, by written notice to the Company and the Trustee, may rescind and annul such acceleration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay:

(A) the Accreted Principal of any Securities which have become due otherwise than by such declaration of acceleration and any interest at the rate or rates prescribed therefor in such Securities or in this Indenture,

(B) all overdue interest on the Accreted Principal of all Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate prescribed therefor in such Securities or in this Indenture, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default, other than the non-payment of the principal of Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 6.04.

No such rescission shall affect any subsequent Event of Default or impair any right consequent thereon.

If the Maturity of the Securities is accelerated pursuant to this Section 6.02, 100% of the Accreted Principal thereof plus unpaid interest on the outstanding principal amount of the Securities to the date of such acceleration shall immediately become due and payable and all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. Upon payment in full of such amounts (including accrued interest at the Post-Acceleration Rate as aforesaid), the principal amount of the Securities in excess of the Accreted Principal thereof shall be deemed to have been paid in full unless such acceleration is rescinded or annulled or such principal amount is reinstated, by agreement, operation of law or otherwise.

Section 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal (prior to an acceleration of the Securities) or Accreted Principal (following an acceleration of the Securities), as applicable, or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture and the Collateral Agent may exercise all of its rights and remedies under the Transaction Documents. The Holders, or the Collateral Agent on their behalf, shall be entitled, at any sale or similar disposition of Collateral pursuant to the exercise of remedies, to credit against any purchase price bid at such sale by such Holder all or any part of the unpaid Obligations owing to such Holders.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 Waiver of Existing Defaults. Subject to Sections 6.07 and 9.02, the Holders of a majority in aggregate principal amount of the Securities then outstanding by notice to the Trustee may waive an existing Default or Event of Default and its consequences (including waivers obtained in connection with a tender offer or exchange offer for the Securities or a solicitation of consents in respect of the Securities, provided that in each case such offer or solicitation is made to all Holders of the Securities then outstanding on equal terms), except (1) a continuing Default or Event of Default in the payment of the principal or interest on the Securities or (2) a continuing Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Holder affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 Control by Majority. The Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it hereunder. The Trustee, however, may refuse to follow any direction that conflicts with applicable law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders, or that may involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to receive reasonable indemnification satisfactory to it against all losses and expenses caused by taking or not taking such action subject to the Trustee's duty to act with the required standard of care during a default.

Section 6.06 Limitations on Suits. Subject to Section 6.07, a Holder may pursue a remedy with respect to this Indenture or the Securities only if:

- (i) such Holder gives to the Trustee written notice of a continuing Event of Default;
- (ii) the Holders of at least 25% in aggregate principal amount of the Securities then outstanding make a written request to the Trustee to pursue the remedy;
- (iii) such Holder or Holders furnish to the Trustee reasonable indemnity satisfactory to the Trustee against any loss, liability or expense;
- (iv) the Trustee does not comply with the request within 60 days after receipt of the request and the furnishing of indemnity; and

(v) during such 60-day period the Holders of a majority in aggregate principal amount of the Securities then outstanding do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

Section 6.07 Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder of a Security to receive payment of Accreted Principal or principal, as applicable and interest on the Security, on or after the respective due dates expressed in the Security, or to bring suit against the Company for the enforcement of any such payment on or after such respective dates, is absolute and unconditional and shall not be impaired or affected without the consent of such Holder.

Section 6.08 Collection Suit by Trustee. If an Event of Default specified in clause (i) or (ii) of Section 6.01 occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company (i) for the principal and interest remaining unpaid on any Securities and (ii) interest on overdue principal, and, to the extent lawful, interest on overdue interest, and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, the Collateral Agent and their respective agents and counsel.

Section 6.09 Trustee May File Proofs of Claim. The Trustee is authorized to file such proofs of claim and other papers or documents and to take such actions, including participating as a member, voting or otherwise, of any committee of creditors, as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company or its creditors or properties and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties which the Holders of the Securities may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities. If the Trustee collects any money pursuant to this Article VI, it shall pay out the money in the following order:

First: to the Trustee and the Collateral Agent for amounts due under Section 7.07;

Second: except as otherwise provided in Section 5.02 of the Mortgages and subject to the provisions of Section 11.16, to Holders for amounts due and unpaid on the Securities for principal and interest ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal and interest, respectively; and

Third: to the Company.

The Trustee, upon prior written notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Article VI. At least 15 days before such record date, the Trustee shall mail to each Holder and the Company a notice that states the record date, the payment date and amount to be paid.

Section 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07, or a suit by a Holder or Holders of more than 10% in aggregate principal amount of the Securities then outstanding.

ARTICLE VII

TRUSTEE

Section 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, each of the Trustee and the Collateral Agent shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in such exercise, as a prudent individual would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of an Event of Default:

(i) each of the Trustee and the Collateral Agent need perform only those duties that are specifically set forth in this Indenture or the Mortgages, as the case may be, and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee or the Collateral Agent; and

(ii) in the absence of bad faith on its part, each of the Trustee and the Collateral Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to it and conforming to the requirements of this Indenture or the Mortgages, as the case may be. However, the Trustee and the Collateral Agent shall examine such certificates and opinions to determine whether or not, on their face, they appear to conform to the requirements of this Indenture or the Mortgages, as the case may be.

(c) Neither the Trustee nor the Collateral Agent shall be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(ii) it shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that it was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee or the Collateral Agent is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture shall require either the Trustee or the Collateral Agent to expend or risk its own funds or incur any liability. Each of the Trustee and the Collateral Agent may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law. All money received by the Trustee shall, until applied as herein provided, be held in trust for the payment of the principal of and interest on the Securities.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the TIA.

(h) To the extent required under applicable Law, withhold and remit all United States federal Taxes with respect to any payments by it (or its designee).

Section 7.02 Rights of Trustee.

(a) The Trustee may rely conclusively on any resolution, certificate, statement, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in any such paper or document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel in the form of a legal opinion addressed to the Company shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(g) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of Securities, each representing less than a majority in aggregate principal amount of the outstanding Securities, pursuant to the provisions of this Indenture, the Trustee may determine what action, if any, shall be taken.

(h) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend and be enforceable by the Trustee in each of its capacities hereunder and shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnity, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and final payment of the Securities.

(i) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(j) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any disclosure material distributed with respect to the Securities, and the Trustee shall have no responsibility for compliance with any U.S. Federal or State securities or employee benefit plan laws in connection with the Securities.

(k) The Trustee may request that the Company deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(l) The rights, privileges, protections, immunities and benefits given to Wells Fargo Bank Northwest, National Association, as Trustee hereunder (including its right to be compensated and indemnified as provided in Section 7.07) are hereby extended to, and shall be enforceable by, Wells Fargo Bank Northwest, National Association in each of its several other capacities hereunder (including as Collateral Agent and Paying Agent).

Section 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or any of its Affiliates with the same rights it would have if it were not the Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Sections 7.10 and 7.11.

Section 7.04 Trustee's Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities or any money paid to the Company or upon the Company's direction under any provision hereof, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee and it shall not be responsible for any statement or recital herein or any statement in the Securities other than its certificate of authentication.

Section 7.05 Notice of Defaults. If a Default or Event of Default occurs and is continuing and it is actually known to a Responsible Officer of the Trustee, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal or interest on any Security, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Holders.

Section 7.06 Reports by Trustee to Holders. Within 60 days after June 15 of each year, beginning with June 15, 2010, the Trustee shall mail to Holders a brief report dated as of June 15 of such year that complies with TIA Section 313(a); provided, however, that if no event described in TIA Section 313(a) has occurred within the 12 months preceding the reporting date, no report need be transmitted. The Trustee also shall comply with TIA Section 313(b). The Trustee shall also transmit by mail all reports as required by TIA Sections 313(c) and 313(d).

A copy of each report at the time of its mailing to Holders shall be filed with the SEC and each securities exchange, if any, on which the Securities are listed. The Company shall notify the Trustee if and when the Securities are listed on any securities exchange.

Section 7.07 Compensation and Indemnity. The Company agrees to pay to the Trustee from time to time such compensation as agreed to by the Company and the Trustee, for its acceptance of this Indenture and its services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company agrees to reimburse the Trustee upon request for all reasonable out-of-pocket disbursements, advances and expenses incurred by it in connection with the transactions contemplated by the Transaction Documents. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company agrees to indemnify (on an after-tax basis) the Trustee or any predecessor Trustee and their respective agents, employees, stockholders, officers and directors for and to hold them harmless against any and all loss, liability, damage, claim, or expense (including reasonable fees and expenses of counsel and Taxes, other than Taxes based upon, measured by or determined by the income of the Trustee) incurred by it arising out of or in connection with this Indenture or the administration of this trust, including the costs and expenses of enforcing this Indenture against the Company and of defending itself against any claim (whether asserted by the Company, any Holder or any other Person), except as set forth in the next paragraph. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity; however, failure to give such notice shall not relieve the Company of its obligations. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel, and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The Company shall not be obligated to reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence, willful misconduct or bad faith.

To secure the payment obligations of the Company in this Section 7.07, the Trustee shall have a Lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on the Securities. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(viii), (ix) or (x) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 Replacement of Trustee. A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in aggregate principal amount of the then outstanding Securities may remove the Trustee by so notifying the Trustee and the Company. The Company may remove the Trustee if:

- (i) the Trustee fails to comply with Section 7.10;
- (ii) the Trustee is adjudged a bankrupt or insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (iii) a Custodian or public officer takes charge of the Trustee or its property; or
- (iv) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in the outstanding principal amount of the Securities then outstanding may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in aggregate principal amount of the Securities then outstanding may petition any court of competent jurisdiction at the expense of the Company for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the obligations of the Company under Section 7.07 shall continue for the benefit of the retiring Trustee.

The preceding provisions of this Section 7.08 shall apply, mutatis mutandis, to any Collateral Agent if the Person acting in such capacity is not also then acting as Trustee. If the same Person is then acting in the capacities of both Trustee and Collateral Agent, then the resignation or removal of the Trustee, and the appointment of a successor Trustee, shall be deemed to effect the resignation or removal of the Collateral Agent and the appointment of its successor hereunder without any further action on the part of any Person.

Section 7.09 Successor Trustee by Merger, etc. Subject to Section 7.10, if the Trustee or the Collateral Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another Person, the successor Person without any further act shall be the successor Trustee or Collateral Agent, as the case may be; provided, however, that in the case of a transfer of all or substantially all of its corporate trust business to another Person, the transferee Person expressly assumes all of its predecessor's liabilities hereunder.

In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

Section 7.10 Eligibility; Disqualification. There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia and authorized under such laws to exercise corporate trust power, shall be subject to supervision or examination by Federal or State (or the District of Columbia) authority and shall have, or be a Subsidiary of a bank or bank holding company having, a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee that satisfies the requirements of TIA Sections 310(a)(1), 310(a)(2) and 310(a)(5). The Trustee is subject to and shall comply with the provisions of TIA Section 310(b) during the period of time required by this Indenture. Nothing in this Indenture shall prevent the Trustee from filing with the SEC the application referred to in the penultimate paragraph of TIA Section 310(b).

Section 7.11 Preferential Collection of Claims Against Company. The Trustee is subject to and shall comply with the provisions of TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE VIII

SATISFACTION AND DISCHARGE OF INDENTURE

Section 8.01 Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect (except as provided in the last sentence of this Section 8.01), the Lien of the Mortgages shall be released, and the Trustee, on demand of the Company, shall execute proper instruments acknowledging the satisfaction and discharge of this Indenture, when:

- (1) either

(A) all outstanding Securities theretofore authenticated and issued (other than destroyed, lost or wrongfully taken Securities that have been replaced or paid) have been delivered to the Trustee for cancellation; or

(B) (x) prior to the acceleration of the Securities, the principal and accrued interest (including any applicable interest on all such amounts that are overdue) or (y) after acceleration of the Securities, the Accreted Principal and accrued interest on the outstanding principal amount of the Securities (including any applicable interest on all such amounts that are overdue), in each case, with respect to all outstanding Securities not theretofore delivered to the Trustee for cancellation have been paid in full;

(2) the Company has paid all other sums payable by it hereunder and under the other Transaction Documents; and

(3) the Company has delivered to the Trustee an Officer's Certificate stating that all conditions precedent to satisfaction and discharge of this Indenture have been complied with, together with an Opinion of Counsel to the same effect.

However, the Company's obligations in Section 7.07 shall survive.

ARTICLE IX

AMENDMENTS

Section 9.01 Without Consent of Holders. The Company, the Trustee and the Collateral Agent may amend or supplement this Indenture or any of the Securities or waive any provision hereof or thereof without the consent of any Holder:

(i) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities any property or assets;

(ii) to evidence the succession of another Person to the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Company pursuant to Section 5.01 or 5.02;

(iii) to add to the covenants of the Company such further covenants, restrictions, conditions or provisions as the Company and the Trustee shall consider to be for the protection of the Holders of Securities, to surrender any right or power herein conferred upon the Company, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture, provided that in respect of any such additional covenant, restriction, condition or provision such amendment or supplement may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement

upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Securities to waive such an Event of Default;

(iv) to cure any ambiguity or omission or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, provided that no such action shall adversely affect the interests of the Holders of the Securities;

(v) to effect any provision of this Indenture;

(vi) to make any other change that does not adversely affect the rights of any Holder; or

(vii) to revise the then remaining Scheduled Payments set forth in Schedule 1 in accordance with the terms set forth in Section 3.08.

Upon the request of the Company and upon receipt by the Trustee of the documents described in Section 9.06, the Trustee and the Collateral Agent shall join with the Company in the execution of such supplemental indenture.

Section 9.02 With Consent of Holders. Except as provided below in this Section 9.02, the Company, the Trustee and the Collateral Agent may amend or supplement this Indenture with the consent (including consents obtained in connection with a tender offer or exchange offer for the Securities or a solicitation of consents in respect of the Securities, provided that in each case such offer or solicitation is made to all Holders of the Securities then outstanding on equal terms) of the Holders of at least a majority in aggregate principal amount of the Securities then outstanding affected thereby.

The Holders of a majority in aggregate principal amount of the Securities then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Securities (including waivers obtained in connection with a tender offer or exchange offer for the Securities or a solicitation of consents in respect of the Securities, provided that in each case such offer or solicitation is made to all Holders of the Securities then outstanding on equal terms).

Upon the request of the Company accompanied by a resolution of the Board of Directors of the Company authorizing the execution of any supplemental indenture entered into to effect any such amendment, supplement or waiver, and upon the filing with the Trustee of evidence of the consent of the Holders as aforesaid, and upon receipt by the Trustee of the documents described in Section 9.06, the Trustee and the Collateral Agent shall join with the Company in the execution of such supplemental indenture. After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Trustee shall mail to the Holders of each Security affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

Without the consent of each Holder affected, an amendment, supplement or waiver under this Section 9.02 may not:

- (i) extend the final maturity of the principal of any of the Securities;
- (ii) reduce the Accreted Principal or the outstanding principal balance of any of the Securities;
- (iii) reduce the rate or extend the time of payment of interest, including default interest on any of the Securities;
- (iv) reduce any amount payable on redemption of any of the Securities;
- (v) change the currency in which the Accreted Principal, principal or interest on any of the Securities is payable;
- (vi) impair the right to institute suit for the enforcement of any payment of Accreted Principal, principal or interest on any Security pursuant to Sections 6.07 and 6.08, except as limited by Section 6.06;
- (vii) make any change in the percentage of principal amount of the Securities necessary to make any determinations or waive any rights hereunder or modify any provision hereof, including, without limitation, Section 6.04 or 6.07 or this clause of this Section 9.02;
- (viii) waive a continuing Default or Event of Default in the payment of Accreted Principal, principal or interest, including default interest, on the Securities; or
- (ix) release from, or alter the priority of, the Lien of the Security Documents in respect of any Collateral or modify any provisions of the Security Documents, in each case, other than in accordance with the terms of this Indenture or the Security Documents.

The right of any Holder to participate in any consent required or sought pursuant to any provision of this Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of the Securities as of a record date fixed by the Company in accordance with Section 9.04 of this Indenture.

Section 9.03 Compliance with Trust Indenture Act. Every amendment or supplement to this Indenture or the Securities shall comply in form and substance with the TIA as then in effect.

Section 9.04 Revocation and Effect of Consents. A consent to an amendment, a supplement or a waiver by a Holder shall bind the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or waiver is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent or waiver as to its Security or portion of a Security if the Trustee receives written notice of revocation at any time prior to (but not after) the date the Trustee receives an Officer's Certificate certifying that the Holders of the requisite principal amount of Securities have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder, and a consent thereto given in connection with a tender of a Holder's Securities shall not be rendered invalid by such tender.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver or to take any other action with respect to the Securities under this Indenture. If a record date is fixed, then notwithstanding the provisions of the immediately preceding paragraph, those Persons who were Holders at the close of business on such record date (or their duly designated proxies), and only those Persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date, and for this purpose the Securities then outstanding shall be computed as of such record date. No consent shall be valid or effective for more than 90 days after such record date unless consents from Holders of the principal amount of the Securities required hereunder for such amendment, supplement or waiver to be effective shall have also been given and not revoked within such 90-day period.

Section 9.05 Notation on or Exchange of Securities. If an amendment or supplement changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment or supplement.

Section 9.06 Trustee and the Collateral Agent to Sign Amendments, etc. The Trustee and the Collateral Agent shall sign any amendment or supplemental indenture authorized pursuant to this Article IX if the amendment or supplemental indenture does not adversely affect their respective rights, duties, liabilities or immunities. If it does, the Trustee and the Collateral Agent may, but need not, sign it. In signing or refusing to sign such supplemental indenture, the Trustee and the Collateral Agent shall receive, and subject to Section 7.01, shall be fully

protected in relying upon, an Opinion of Counsel and an Officer's Certificate, as conclusive evidence that all conditions precedent to such amendment or supplemental indenture have been complied with, that such amendment or supplemental indenture is authorized or permitted by this Indenture, that it is not inconsistent herewith, and that it will be valid and binding upon the Company in accordance with its terms.

ARTICLE X

AGREEMENTS REGARDING SECURITY

Section 10.01 Grant of Security Interest.

(a) To secure the due and punctual payment of the principal (including, without limitation, the principal) of and interest on the Securities and any other amounts due hereunder when and as the same shall be due and payable, whether on an Interest Payment Date, at Stated Maturity, by acceleration, repurchase, redemption or otherwise, and interest on any overdue principal of and interest (to the extent permitted by Law) on the Securities and the performance of all other Obligations of the Company to the Holders, the Collateral Agent or the Trustee under this Indenture and the other Transaction Documents, the Company agrees to cause the Security Documents to be executed and delivered concurrently with this Indenture, granting to the Collateral Agent Liens (which are subject to Permitted Liens) on all the Collateral.

(b) To the extent applicable, the Company shall furnish to the Trustee and the Collateral Agent such initial and subsequent Opinions of Counsel as required, and in the manner stipulated by, the provisions of TIA § 314(b).

Section 10.02 Release of Collateral.

(a) The Collateral Agent shall not at any time release the Collateral from the Liens of the Security Documents unless such release is in accordance with the provisions of the applicable Security Documents.

(b) The release of any Collateral from the Liens of the Security Documents shall not be deemed to impair the security under this Indenture in contravention of the provisions hereof if and to the extent the Collateral is released pursuant to the Security Documents.

(c) To the extent applicable, the Company will comply with TIA § 314(b), with respect to Opinions of Counsel and TIA § 314(d) with respect to certificates or opinions of fair value, relating to the release of property or securities or relating to the substitution thereof of any property or securities to be subjected to the Lien of the Security Documents. Any certificate or opinion required by TIA § 314(d) may be made by an Officer of the Company, except in cases where TIA § 314(d) requires that such certificate or opinion be made by an independent Person, which Person shall be an independent engineer, appraiser or other expert selected or reasonably satisfactory to the Trustee. Notwithstanding anything to the contrary in this Section 10.02, the Company shall not be required to comply with all or any portion of TIA § 314(d) if it determines, in good faith based on advice of counsel, that the terms of TIA § 314(d)

or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including “no action” letters or exemptive orders, whether or not issued to the Company by the SEC, or any portion of TIA § 314(d) is inapplicable to one or a series of released Collateral.

Section 10.03 Actions to Be Taken by the Collateral Agent.

(a) Wells Fargo Bank Northwest, National Association is hereby appointed to act in its capacity as the Collateral Agent. Subject to the provisions of the applicable Security Documents:

(1) the Collateral Agent shall execute and deliver the Security Documents and act in accordance with the terms thereof; and

(2) the Collateral Agent may, in its sole discretion and without the consent of the Trustee or the Holders, take all actions it deems necessary or appropriate in order to:

(A) enforce any of the terms of the Security Documents, and

(B) collect and receive any and all amounts payable in respect of the Obligations of the Company hereunder and under the Securities and the Security Documents.

(b) Anything contained in any of the Security Documents to the contrary notwithstanding, no Holder shall have any right individually to realize upon any of the Collateral. All powers, rights and remedies of the Collateral Agent hereunder and under the Security Documents may be exercised solely by the Collateral Agent.

Section 10.04 Receipt of Funds by the Collateral Agent. The Collateral Agent is authorized to receive any funds for the benefit of itself, the Trustee and the Holders distributed under the Security Documents, for turnover to the Trustee to make further distributions of such funds to itself, the Collateral Agent and the Holders in accordance with the provisions of Section 6.10 and the other provisions of this Indenture.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA (or in any other indenture qualified thereunder), the provision required by the TIA shall control.

Section 11.02 Notices. Any notice or communication by the Company, the Collateral Agent or the Trustee to the others is duly given if in writing and delivered in person, by facsimile or by overnight air courier guaranteeing next day delivery or if mailed by first-class mail (registered or certified, return receipt requested), in each case to the other's address:

If to the Company, to it at:

United Air Lines, Inc.
77 West Wacker Drive
Chicago, IL 60601
Attention: Stephen R. Lieberman, Vice President & Treasurer
Telephone/Facsimile: 312-997-8000, and
Attention: Paul R. Lovejoy, Senior Vice President, General Counsel and Secretary
Telephone/Facsimile: 312-997-8000

with a copy to

Vedder Price P.C.
222 N. LaSalle Street, Suite 2400
Chicago, IL 60601
Attention: Dean N. Gerber, Shareholder
Facsimile: (312) 609-5005
Telephone: (312) 609-7638

If to the Trustee or the Collateral Agent:

Wells Fargo Bank Northwest, National Association
MAC U1228-120
299 South Main Street
Salt Lake City, UT 84111
Attention: Corporate Trust Services
Telephone: (801) 246-5630
Fax: (801) 246-5053

Each of the Company, the Collateral Agent and the Trustee by notice to the others may designate additional or different addresses for subsequent notices or communications.

Each such notice or other communication shall be effective when received or, if made, given, furnished or filed by facsimile or other telecommunication transmission, when received unless received outside of business hours, in which case on the next open of business on a Business Day.

Any notice or communication to a Holder shall be mailed by first-class mail, postage prepaid, to the Holder's address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee at the same time.

All notices or communications, including, without limitation, notices to the Trustee or the Company by Holders, shall be in writing, except as set forth below, and in the English language.

In case by reason of the suspension of regular mail service, or by reason of any other cause, it shall be impossible to mail any notice required by this Indenture, then such method of notification as shall be made with the approval of the Trustee shall constitute a sufficient mailing of such notice.

Section 11.03 Communication by Holders with Other Holders. Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

Section 11.04 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take or refrain from taking any action under this Indenture, the Company shall, if requested by the Trustee, furnish to the Trustee:

- (i) an Officer's Certificate (which shall include the statements set forth in Section 11.05) stating that, in the opinion of the signatory, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (ii) an Opinion of Counsel (which shall include the statements set forth in Section 11.05) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

Notwithstanding the foregoing, no such Officer's Certificate or Opinion of Counsel shall be required in connection with the authentication and delivery of the Securities pursuant to Section 2.02.

Section 11.05 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (i) a statement that the Person making such certificate or opinion has read such covenant or condition;
- (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Section 11.06 Rules by Trustee and Agents. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or the Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 11.07 Legal Holidays. If a payment date is a Legal Holiday, payment may be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a record date is a Legal Holiday, the record date shall not be affected.

Section 11.08 Governing Law. THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 11.09 No Recourse Against Others. A director, officer, employee or stockholder of the Company, as such, shall not have any liability for any obligations of the Company under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

Section 11.10 No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 11.11 Successors. All agreements of the Company in this Indenture and the Securities shall bind its successors. All agreements of the Trustee and the Collateral Agent in this Indenture shall bind their respective successor.

Section 11.12 Severability. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.13 Counterpart Originals. The parties may sign any number of copies of this Indenture by manual or facsimile signature. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 11.14 Table of Contents, Headings, etc. The Table of Contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Section 11.15 Agreement as to Fair Market Value. The Company and the Trustee acknowledge that the use of Fair Market Value herein or in the Mortgages is strictly and solely for convenience in establishing the amount of Collateral and any substitutions therefor under this Indenture and the Mortgages. Accordingly, the Fair Market Value of any Collateral subjected to the Lien of the Mortgages is not an indication of and shall not be deemed an agreement by the parties as the basis for valuation of such Collateral for purposes of determining the value of the Trustee's secured claim against the Company, adequate protection of the Trustee's interest in the Collateral or for any other purpose in any bankruptcy, receivership or insolvency proceeding involving the Company or any remedial action brought by the Trustee or Collateral Agent except to the extent such valuations are mandated by applicable law, or any court with jurisdiction over such proceedings, in either case without regard to the use of the concept of Fair Market Value by the parties hereto.

Section 11.16 Withholding Taxes and Withholding Agent. The Company, the Trustee, and their respective paying agents, shall have the right to exclude and withhold from each payment of Accreted Principal, interest, Make-Whole Amount, if applicable, and other amounts due hereunder or under the Securities any and all United States withholding taxes required to be withheld under applicable Law. Any amounts so withheld shall constitute a payment in respect of the Securities. The Trustee, or its designees, shall act as the withholding agent with respect to any such payments, and, in connection therewith, whenever any present or future United States taxes or similar charges are required to be withheld from any amounts payable hereunder or in respect of the Securities, the Trustee, or its designee, as the withholding agent, shall withhold the appropriate amounts, timely pay the same to the relevant authority and file any necessary United States withholding tax returns or statements when due, all of which shall be in accordance with applicable Law. If a Holder which is a non-U.S. Person, or which holds an interest in a Security for the benefit of a non-U.S. Person, has furnished to the Trustee or the relevant designee a properly completed and accurate U.S. Internal Revenue Service Form W-8BEN, W-8EXP or W-8IMY (or such successor form or forms as may be required by the United States Treasury Department) that is effective at the time a payment hereunder or under the Security held by such holder is made and has not notified the Trustee (or the relevant designee) of the withdrawal or inaccuracy of such form prior to the date of such payment, only the amount, if any, required by Law (after taking into account any applicable exemptions properly claimed) shall be withheld from payments hereunder or under the Security held by such Holder. If a Holder (x) which is a non-U.S. Person has furnished to the Trustee (or its designee) a properly completed, accurate and currently effective U.S. Internal Revenue Service Form W-8ECI in duplicate (or such successor certificate, form or forms as may be required by the United States Treasury Department as necessary in order to properly avoid withholding of United States withholding tax), for each calendar year in which a payment is made (but prior to the making of any payment for such year), and has not notified the Trustee (or its designee) of the withdrawal or inaccuracy of such certificate or form prior to the date of such payment (and the Trustee has no reason to believe that any information set forth in such form is inaccurate), or (y) which is a U.S. Person has furnished to the Trustee (or its designee) a properly completed, accurate and

currently effective U.S. Internal Revenue Service Form W-9, if applicable, prior to a payment hereunder or under the Securities held by such holder, no amount shall be withheld from payments in respect of United States withholding tax.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

Company:

UNITED AIR LINES, INC.

By: /s/ Stephen R. Lieberman
Name: Stephen R. Lieberman
Title: Vice President and Treasurer

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION, as Trustee**

By: /s/ David Wall
Name: David Wall
Title: Assistant Vice President

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION, as Collateral Agent**

By: /s/ David Wall
Name: David Wall
Title: Assistant Vice President

EXHIBIT A
FACE OF SECURITY
GLOBAL SECURITY LEGEND

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE REGISTRAR MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.10 OF THE INDENTURE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS GLOBAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

THIS SECURITY IS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. HOLDERS MAY CONTACT THE VICE PRESIDENT AND TREASURER OF THE COMPANY, 77 WEST WACKER DRIVE, CHICAGO, ILLINOIS 60601, TELEPHONE (312) 997-8000, WHO WILL PROVIDE, UPON REQUEST, THE INFORMATION RELATING TO ORIGINAL

* This paragraph should be included only if the Security is a Global Security.

ISSUE DISCOUNT FOR THIS SECURITY, INCLUDING THE ISSUE PRICE, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE DATE AND THE YIELD TO MATURITY THEREOF. THE COMPANY SHALL PROMPTLY NOTIFY THE TRUSTEE OF ANY CHANGE TO SUCH CONTACT INFORMATION AND THE TRUSTEE, UPON RECEIPT OF SUCH NOTICE FROM THE COMPANY, SHALL PROMPTLY PROVIDE THE HOLDERS WITH THE NEW CONTACT INFORMATION.

EXHIBIT A

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UNITED AIR LINES, INC.
SENIOR SECURED NOTE DUE 2012

No. _____

CUSIP No. 909279BE0

\$175,000,000

United Air Lines, Inc., a Delaware corporation (the "**Company**"), for value received promises to pay to Wells Fargo Bank Northwest, National Association or registered assigns, the principal sum of One Hundred Seventy-Five Million Dollars on July 15, 2012. The principal amount at Maturity of this Security is \$175,000,000, the issue price is \$157,622,500 and the amount of original issue discount is \$17,377,500. The yield to maturity is 17% per annum.

Interest Payment Dates: January 15, April 15, July 15 and October 15, with the first

Interest Payment Date being October 15, 2009

Record Dates: January 1, April 1, July 1 and October 1

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

EXHIBIT A

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IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by one of its duly authorized officers.

Dated:

UNITED AIR LINES, INC.

By: _____

Certificate of Authentication:

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Trustee, certifies that this is one of the Securities referred to in the within- mentioned Indenture

By: _____
Authorized Signatory

REVERSE OF SECURITY**UNITED AIR LINES, INC.****SENIOR SECURED NOTE DUE 2012**

This Security is one of a duly authorized issue of Senior Secured Notes due 2012 (the “**Securities**”) of United Air Lines, Inc., a Delaware corporation (the “**Company**”).

1. **Interest.** The Company promises to pay interest on the principal balance from time to time outstanding of this Security at 12.75% per annum until Maturity. The Company will pay interest quarterly on January 15, April 15, July 15 and October 15 of each year (each an “**Interest Payment Date**”), beginning October 15, 2009, or if any such day is not a Business Day, on the next succeeding Business Day. Interest on this Security will accrue from the most recent Interest Payment Date on which interest has been paid or, if no interest has been paid, from July 2, 2009. Further, (x) prior to the Maturity of the Securities being accelerated pursuant to Section 6.02 of the Indenture, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and interest (without regard to any applicable grace period), from time to time on demand at the same coupon rate plus 2% per annum and (y) upon the Maturity of the Securities being accelerated pursuant to Section 6.02 of the Indenture, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on the Accreted Principal and overdue interest (without regard to any applicable grace period) at the Post-Acceleration Rate as set forth in Section 6.02 of the Indenture. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. **Method of Payment.** The Company will pay interest on this Security (except defaulted interest) to the Persons who are registered Holders of this Security at the close of business on the record date next preceding the Interest Payment Date, even if this Security is canceled after such record date and on or before such Interest Payment Date. The Holder must surrender this Security to a Paying Agent to collect payments of the outstanding principal amount and interest at Stated Maturity. The Company will pay the principal of and interest on this Security in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a Definitive Security (including principal and interest) at the office or agency of the Paying Agent maintained for such purpose in The City of New York or by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a Definitive Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

EXHIBIT A

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3. Ranking and Collateral. This Security is a senior obligation of the Company, secured by the Lien of the A Mortgage and Security Agreement dated as of July 2, 2009, the B Mortgage and Security Agreement dated as of July 2, 2009 and the C Mortgage and Security Agreement dated as of July 2, 2009, in each case between the Company and the Collateral Agent, and the payment obligations of the Company under the Indenture and the Securities are guaranteed by the Guarantor pursuant to the terms of the Guarantee.

4. Redemption. If (x) the Company elects to redeem some or all of the outstanding principal balance of the Securities pursuant to Section 4.11(a)(i)(E), Section 4.11(a)(ii)(D) or Section 4.11(a)(iii)(C) or (y) the Company is required to pay a portion of the outstanding principal balance of the Securities pursuant to Section 4.11(c), the Company shall redeem the Securities at a Redemption Price equal to 100% of the outstanding principal balance of the Securities payable pursuant to the terms of the Indenture, plus accrued and unpaid interest on such outstanding principal balance of the Securities up to, but not including the Redemption Date, but without any Make-Whole Amount. The Company may, at any time, redeem all or part of the Securities at a Redemption Price equal to 100% of the outstanding principal balance of the Securities payable pursuant to the terms of the Indenture, plus accrued and unpaid interest on such outstanding principal balance of the Securities up to, but not including the Redemption Date, plus the Make-Whole Amount, if any.

5. Paying Agent and Registrar. Initially, Wells Fargo Bank Northwest, National Association (the “**Trustee**”), the Trustee and the Collateral Agent under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar, co-registrar or additional paying agent without notice to any Holder.

6. Indenture. The Company issued this Security under an Indenture dated as of July 2, 2009 (as amended, supplemented or otherwise modified from time to time, the “**Indenture**”) among the Company, the Collateral Agent and the Trustee. The terms of this Security include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbb). This Security is subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of such terms. To the extent any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling (to the extent permitted by law). The Company has issued \$175,000,000 aggregate principal amount of Securities.

7. Denominations, Transfer, Exchange. The Securities are issuable only in registered form without coupons in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. The transfer of this Security may be registered and this Security may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of this Security during the period between a record date and the corresponding Interest Payment Date.

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8. Persons Deemed Owners. The registered Holder of a Security shall be treated as its owner for all purposes.

9. Amendments and Waivers. Subject to certain exceptions and limitations, the Indenture or this Security may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Securities, and compliance in a particular instance by the Company with any provision of the Indenture with respect to the Securities may be waived (other than certain provisions, including any continuing Default or Event of Default in the payment of the principal of or interest on the Securities) by the Holders of at least a majority in aggregate principal amount of the Securities then outstanding in accordance with the terms of the Indenture. The Company, the Trustee and the Collateral Agent may amend or supplement the Indenture or this Security or waive any provision hereof or thereof without notice to or consent of any Holder: (i) to convey, transfer, assign, mortgage or pledge to the Trustee as security for this Security any property or assets; (ii) to evidence the succession of another Person to the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Company pursuant to Section 5.01 or 5.02 of the Indenture; (iii) to add to the covenants of the Company such further covenants, restrictions, conditions or provisions as the Company and the Trustee shall consider to be for the protection of the Holders of Securities, to surrender any right or power conferred upon the Company in the Indenture, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in the Indenture, provided that in respect of any such additional covenant, restriction, condition or provision such amendment or supplement may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Securities to waive such an Event of Default; (iv) to cure any ambiguity or omission or to correct or supplement any provision contained in the Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Indenture or in any supplemental indenture, provided that no such action shall adversely affect the interests of the Holders of this Security; (v) to effect any provision of the Indenture; (vi) to make any other change that does not adversely affect the rights of any Holder or (vii) to revise the then remaining Scheduled Payments set forth in Schedule 1 of the Indenture in accordance with the terms set forth in Section 3.08 of the Indenture.

The right of any Holder to participate in any consent required or sought pursuant to any provision of the Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of this Security as of a record date fixed by the Company in accordance with the terms of the Indenture.

10. Defaults and Remedies. Events of Default include: (i) default in the payment of the principal amount of any Security at its Maturity; or (ii) default in the payment of interest on

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the principal amount of any Security or Make-Whole Amount when it becomes due and payable, and continuance of such default for a period of 10 Business Days; or (iii) default in the payment of any amount payable under any other Transaction Document when due and such failure shall continue for a period of 30 days after receipt by the Company of written notice that such payment is overdue given to the Company by the Trustee or the Collateral Agent; or (iv) failure by the Company (x) to comply with Section 4.11(a) of the Indenture or (y) to redeem the Securities when required pursuant to Section 4.11(c) of the Indenture; or (v) any representation or warranty made by the Company in Sections 1(v), 1(vii), 1(viii), 1(ix), 1(x), 1(xi), 1(xii), 1(xiv) (limited solely to the first sentence therein), 1(xxvi), 1(xxvii), 1(xxviii), 1(xxix), 1(xxx) and 1(xxxi) of the Underwriting Agreement, Section 4.13 of the Indenture, in any Transaction Document or in any certificate delivered in connection with any such representation or warranty shall prove to have been incorrect in any material respect when made, such incorrect representation or warranty is material at the time in question, and, if curable, the same shall remain uncured (to the extent of the adverse impact of such incorrectness on the interest of any Secured Party) for a period in excess of 60 days from and after the date of written notice thereof to the Company from the Trustee or the Collateral Agent; or (vi) failure of the Company to carry and maintain, or cause to be carried and maintained, insurance in accordance with the provisions of Section 3.06 of any Mortgage; provided that no such lapse or cancellation shall constitute an Event of Default until the earlier of (a) 30 days after receipt by the Collateral Agent of written notice of such lapse or cancellation (or seven days or such shorter time as may be standard in the industry with respect to war risk insurance) or (b) the date that such lapse or cancellation is effective as to the Collateral Agent or any other Secured Party; or (vii) default in the observance or performance, or breach, of any covenant of the Company in the Indenture or any other Transaction Document (other than a covenant a default in whose performance or whose breach is elsewhere in Section 6.01 of the Indenture specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or the Collateral Agent, unless such failure is capable of being corrected and the Company shall be diligently proceeding to correct such failure, in which case there shall be no Event of Default unless and until such failure shall continue unremedied for a period of 270 days after receipt of such notice; or (viii) the Company shall consent to the appointment of or taking possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Company shall admit in writing its inability to pay its debts generally as they come due or shall make a general assignment for the benefit of its creditors, or the Company shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief under any Bankruptcy Laws or insolvency laws (as in effect at such time), or an answer admitting the material allegations of a petition filed against it in any such case, or the Company shall seek relief by voluntary petition, answer or consent, under the provisions of any other Bankruptcy Law or similar law providing for the reorganization or winding-up of corporations (as in effect at such time), or the Company shall seek an agreement, composition, extension or adjustment with its creditors under such laws or the Company's board of directors shall adopt a resolution authorizing corporate action in furtherance of any of the foregoing; or (ix) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Company, a receiver, trustee or liquidator of the Company or of any substantial part of its property, or any substantial part of the property of the Company shall be sequestered, or granting any other relief in respect

EXHIBIT A

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of the Company as a debtor under any Bankruptcy Laws or other insolvency laws (as in effect at such time), and any such order, judgment, decree, or decree of appointment or sequestration shall remain in force undismitted, unstayed or unvacated for a period of 90 days after the date of entry thereof; or (x) a petition against the Company in a proceeding under any Bankruptcy Laws or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to the Company, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Company of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days; or (xi) the Company shall cease to be a U.S. Certificated Air Carrier as a result of the revocation of the Company's air carrier operating certificate or such operating certificate shall have been suspended and such suspension shall not have been terminated within a period of 30 days thereafter.

If an Event of Default (other than an Event of Default specified in clause (viii), (ix) or (x) above) occurs and is continuing, the Trustee by notice to the Company may declare the Accreted Principal and all accrued and unpaid interest on all then outstanding Securities to be due and payable immediately. Upon any such declaration, the Accreted Principal plus all accrued and unpaid interest on the outstanding principal amount of the Securities as of such date of declaration (but without any Make-Whole Amount) (x) shall be immediately due and payable and (y) all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. If an Event of Default specified in clause (viii), (ix) or (x) above occurs, the Accreted Principal plus all accrued and unpaid interest on the outstanding principal amount of the Securities as of such date of acceleration (but without any Make-Whole Amount) shall thereby automatically become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee or any Holder and all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. Upon an acceleration of the Securities, any remedy based on, or claim for payment of, the principal amount of the Securities shall be limited to the Accreted Principal thereof, unless such acceleration is rescinded or annulled or such principal amount is reinstated, by agreement, operation of law or otherwise. No Make-Whole Amount shall be due and payable as a consequence of the acceleration of the Securities as a result of an Event of Default.

If the Maturity of the Securities is accelerated pursuant to Section 6.02 of the Indenture, 100% of the Accreted Principal thereof plus unpaid interest on the outstanding principal amount of the Securities to the date of such acceleration shall immediately become due and payable and all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. Upon payment in full of such amounts (including accrued interest at the Post-Acceleration Rate as aforesaid), the principal amount of the Securities in excess of the Accreted Principal shall be deemed to have been paid in full unless such acceleration is rescinded or annulled or such principal amount is reinstated, by agreement, operation of law or otherwise.

11. Satisfaction and Discharge. The Indenture shall be satisfied and discharged upon the payment of all of the Securities or the defeasance thereof, subject to certain other conditions set forth in the Indenture.

EXHIBIT A

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12. Trustee Dealings with the Company. The Trustee in its individual or any other capacity may become the owner or pledgee of this Security and may otherwise deal with the Company or any of its Affiliates with the same rights it would have if it were not the Trustee.

13. No Recourse Against Others. A director, officer, employee or stockholder of the Company, as such, shall not have any liability for any obligations of the Company under this Security or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting this Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Security.

14. Authentication. This Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of an authorized signatory of the Trustee, which signature shall be conclusive evidence that this Security has been authenticated under the Indenture.

15. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused a CUSIP number to be printed on this Security as a convenience to the Holders of this Security. No representation is made as to the correctness of such number either as printed on this Security or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on this Security.

16. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. Governing Law. THE INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

EXHIBIT A

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The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to it at:

United Air Lines, Inc.
77 W. Wacker Drive
Chicago, IL 60601
Attention: Vice President & Treasurer
Facsimile: 312-997-8000

EXHIBIT A

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ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to:

(Insert assignee's social security or tax I.D. number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee: _____
(Participant in a Recognized Signature Guaranty Medallion Program)

EXHIBIT B

[FORM OF A MORTGAGE]

EXHIBIT B

Page 1

EXHIBIT C

[FORM OF B MORTGAGE]

EXHIBIT C

Page 1

EXHIBIT D

[FORM OF C MORTGAGE]

EXHIBIT D

Page 1

EXHIBIT E

APPRAISAL COMPLIANCE REPORT

[Addressed to Trustee and the Rating Agencies]

Ladies and Gentlemen:

We refer to the Indenture, dated as of June , 2009 (the “**Agreement**”), among United Air Lines, Inc. (the “**Company**”), Wells Fargo Bank Northwest, National Association, as Trustee and Wells Fargo Bank Northwest, National Association, as Collateral Agent. Terms defined in the Agreement and used herein have such respective defined meanings. The Company hereby certifies that:

1. This Compliance Report is accompanied by an Independent Appraiser’s Certificate (the “**Relevant Appraisal**”) dated []. The Valuation Date for purposes of the Relevant Appraisal was [] (the “**Relevant Valuation Date**”).

2. The following sets forth the calculation of the Collateral Ratio as of the Relevant Valuation Date:

(a) The outstanding principal balance of all Securities outstanding as of the Relevant Valuation Date \$[]

(b) The Fair Market Value of the Cash Collateral as of the Relevant Valuation Date \$[]

(c) The Fair Market Value of the Collateral (excluding Cash Collateral) as of the Relevant Valuation Date, as set forth in the accompanying Independent Appraiser’s Certificate \$[]

The Collateral Ratio

$((a - b) / c)$ []%

3. The following sets forth the calculation of the A Pledged Collateral Ratio as of the Relevant Valuation Date:

(a) The Fair Market Value of the A Pledged Spare Parts as of the Relevant Valuation Date, as set forth in the accompanying Independent Appraiser’s Certificate \$[]

(b) the Fair Market Value of the Pledged Aircraft, if any, as of the Relevant Valuation Date, as set forth in the accompanying Independent Appraiser’s Certificate \$[]

EXHIBIT E

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(c) the Fair Market Value of the Pledged Spare Engines, if any, as of the Relevant Valuation Date, as set forth in the accompanying Independent Appraiser's Certificate \$[]

(d) The outstanding principal balance of all Securities outstanding as of the Relevant Valuation Date \$[]

(e) The Fair Market Value of the Cash Collateral as of the Relevant Valuation Date \$[]

The A Pledged Collateral Ratio ((a+b+c) / (d-e)) []%

4. The following sets forth the calculation of the Rotable/Repairable Ratio as of the Relevant Valuation Date:

(a) The Fair Market Value of the Rotables and Repairables as of the Relevant Valuation Date, as set forth in the accompanying Independent Appraiser's Certificate \$[]

(b) The outstanding principal balance of all Securities outstanding as of the Relevant Valuation Date \$[]

(c) The Fair Market Value of the Cash Collateral as of the Relevant Valuation Date \$[]

The Rotable/Repairable Ratio (a/(b-c)) []%

Dated: []

Very truly yours,

UNITED AIR LINES, INC.

By: _____

SCHEDULE 1Accreted Principal

<u>Payment Date</u>	<u>Scheduled Payment Amounts</u>	<u>Accreted Principal Balance of the Securities</u>	<u>Outstanding Principal Balance of Securities*</u>
At issuance	\$ 0.00	\$ 157,622,500.00	\$ 175,000,000.00
October 15, 2009	\$ 6,383,854.17	\$ 158,928,475.76	\$ 175,000,000.00
January 15, 2010	\$ 5,578,125.00	\$ 160,104,805.21	\$ 175,000,000.00
April 15, 2010	\$ 5,578,125.00	\$ 161,331,128.62	\$ 175,000,000.00
July 15, 2010	\$ 5,578,125.00	\$ 162,609,570.73	\$ 175,000,000.00
October 15, 2010	\$ 5,578,125.00	\$ 163,942,346.58	\$ 175,000,000.00
January 15, 2011	\$ 5,578,125.00	\$ 165,331,765.35	\$ 175,000,000.00
April 15, 2011	\$ 5,578,125.00	\$ 166,780,234.38	\$ 175,000,000.00
July 15, 2011	\$ 5,578,125.00	\$ 168,290,263.28	\$ 175,000,000.00
October 15, 2011	\$ 5,578,125.00	\$ 169,864,468.36	\$ 175,000,000.00
January 15, 2012	\$ 5,578,125.00	\$ 171,505,577.09	\$ 175,000,000.00
April 15, 2012	\$ 5,578,125.00	\$ 173,216,432.89	\$ 175,000,000.00
July 15, 2012	\$ 180,578,125.00	\$ 175,000,000.00	\$ 175,000,000.00

* The outstanding principal balance of the Securities shall remain \$175,000,000 from the Issue Date until Maturity, subject to any redemptions of the Securities pursuant to this Indenture.

**A MORTGAGE AND SECURITY
AGREEMENT**

dated as of July 2, 2009

between

UNITED AIR LINES, INC.,
the Company

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
the Collateral Agent

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A MORTGAGE AND SECURITY AGREEMENT

A MORTGAGE AND SECURITY AGREEMENT dated as of July 2, 2009 (this "A Mortgage"), between UNITED AIR LINES, INC., a Delaware corporation (the "Company"), and WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, a national banking association, as Collateral Agent (the "Collateral Agent").

WITNESSETH:

WHEREAS, pursuant to the terms and conditions of that certain Indenture dated as of July 2, 2009 (the "Indenture") among the Company and Wells Fargo Bank Northwest, National Association, as the Trustee and as the Collateral Agent, the Company has issued to the Holders certain Senior Secured Notes due 2012 (the "Securities");

WHEREAS, the Company desires by this A Mortgage, among other things, to grant to the Collateral Agent for the benefit of the Trustee and other Secured Parties a first priority perfected security interest in the Collateral (as defined below) in accordance with the terms hereof, as security for the Securities and all other Secured Obligations;

WHEREAS, all things necessary to make this A Mortgage the valid, binding and legal obligation of the Company for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have happened; and

WHEREAS, the Company is a U.S. Certificated Air Carrier;

NOW, THEREFORE, the Company and the Collateral Agent agree as follows:

ARTICLE I

DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed in the manner described, in Annex A hereto or Section 1.01 of the Indenture, as the case may be.

ARTICLE II

GRANT OF SECURITY INTEREST

Section 2.01. Grant of Security Interest. In order to secure the prompt payment and performance of the Secured Obligations from time to time outstanding according to their tenor and effect and to secure the performance and observance by the Company of all the agreements, covenants and provisions contained herein, in the Indenture, the Securities and each of the other Transaction Documents for the benefit of the Secured Parties, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Securities by the holders thereof, and for other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Company has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign,

transfer, convey, mortgage, pledge and confirm, unto the Collateral Agent, its successors and assigns, for the security and benefit of the Secured Parties, a first priority security interest in, and mortgage lien on, all right, title and interest of the Company in, to and under the following described property, rights and privileges, whether now or hereafter acquired (which, collectively, together with all property hereafter specifically subject to the Lien of this A Mortgage by the terms hereof or any supplement hereto, are included within, and are referred to as, the “**Collateral**”), to wit:

(1) All Spare Parts, first placed in service after October 22, 1994 and currently owned or hereafter acquired by the Company, including without limitation the Spare Parts for the Company’s Boeing 777 fleet and the Expendables; provided, however, that the following shall be excluded from the Lien of this A Mortgage: (v) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an Aircraft, Engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used; (w) any Spare Part that has been incorporated in, installed on, attached or appurtenant to, or used on an Aircraft, Engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, for so long after its removal from such Aircraft or Engine as it remains owned by a lessor or conditional seller of, or subject to a Lien applicable to, such Aircraft or Engine; (x) the Excluded Parts; (y) any Spare Part leased to, loaned to, or held on consignment by, the Company; and (z) any Spare Part first placed in service on or prior to October 22, 1994 and currently owned or hereafter acquired by the Company (such Spare Parts, giving effect to such exclusions, the “**Pledged Spare Parts**”);

(2) The rights of the Company under any warranty or indemnity, express or implied, regarding title, materials, workmanship, design or patent infringement or related matters in respect of the Pledged Spare Parts (the “**Warranties**”);

(3) All proceeds with respect to the sale or other disposition by the Collateral Agent of any Pledged Spare Part or other Collateral pursuant to the terms of this A Mortgage, and all property insurance proceeds with respect to any Pledged Spare Part, but excluding any insurance maintained by the Company and not required under Section 3.06;

(4) All rents, revenues and other proceeds collected by the Collateral Agent pursuant to Section 4.02(b) and all monies and securities from time to time deposited or required to be deposited with the Collateral Agent by or for the account of the Company pursuant to any terms of this A Mortgage held or required to be held by the Collateral Agent hereunder, including all Eligible Accounts (including the Securities Account);

(5) All cash, Investment Securities and other financial assets held in any Eligible Account by the Collateral Agent or an Eligible Institution; all Cash Collateral; and all security entitlements with respect thereto;

(6) All repair, maintenance and inventory records, logs, manuals and all other documents and materials similar thereto (including, without limitation, any such records, logs, manuals, documents and materials that are computer print-outs) at any time maintained, created or used by the Company, and all records, logs, documents and other materials required at any time to be maintained by the Company pursuant to the FAA or under the Act, in each case with respect to any of the Pledged Spare Parts (the “**Spare Parts Documents**”); and

(7) All proceeds of the foregoing.

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions, so long as no Event of Default shall have occurred and be continuing, (a) the Collateral Agent shall not (and shall not permit any of its Affiliates or any other Person claiming by, through or under it to) take or cause to be taken any action contrary to the Company’s rights set forth herein and in the Indenture to the quiet enjoyment of the Pledged Spare Parts, and to possess, use, retain and control the Pledged Spare Parts and all revenues, income and profits derived therefrom without hindrance and (b) the Company shall have the right, to the exclusion of the Collateral Agent and the other Secured Parties, with respect to the warranties and indemnities referred to in clause (2) above, to exercise in the Company’s name all rights and powers (other than to amend, modify or waive any of the warranties or indemnities contained therein, except in the exercise of the Company’s reasonable business judgment) and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity under any of the warranties or indemnities.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, and its successors and assigns, in trust for the equal and proportionate benefit and security of the Secured Parties for the uses and purposes and in all cases and as to all property specified in clauses (1) through (7) inclusive above, subject to the terms and provisions set forth in this A Mortgage.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Company shall remain liable under each Pledged Agreement to perform all of the obligations assumed by it thereunder, except to the extent prohibited or excluded from doing so pursuant to the terms and provisions thereof, and the Secured Parties shall have no obligation or liability under any Pledged Agreement by reason of or arising out of the assignment hereunder, nor shall the Secured Parties be required or obligated in any manner to perform or fulfill any obligations of the Company under or pursuant to any Pledged Agreement, or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Company does hereby constitute the Collateral Agent the true and lawful attorney of the Company, irrevocably, granted for good and valuable consideration and coupled with an interest and with full power of substitution, and with full power (in the name of the Company or otherwise) to ask for, require, demand, receive, compound and give acquittance for any and all monies and claims for monies (in each case including insurance and requisition proceeds) due

and to become due under or arising out of any Pledged Agreement, and all other property which now or hereafter constitutes part of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Collateral Agent may deem to be necessary or advisable in the premises; provided that the Collateral Agent shall not exercise any such rights except upon the occurrence and during the continuance of an Event of Default.

The Company agrees that at any time and from time to time, upon the written request of the Collateral Agent, the Company will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents (including without limitation UCC continuation statements) as the Collateral Agent may reasonably deem necessary to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Collateral Agent the full benefits of the assignment hereunder and of the rights and powers herein granted.

ARTICLE III

COVENANTS OF THE COMPANY

Section 3.01. Liens. The Company will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Company's right, title and interest in and to the Collateral, except Permitted Liens. The Company shall promptly, at its own expense, take such action as may be necessary to duly discharge (by bonding or otherwise) any such Lien other than a Permitted Lien arising at any time.

Section 3.02. Maintenance, Use, Designated Location and Possession.

(a) **Maintenance.** The Company, at its own cost and expense:

(i) shall maintain, or cause to be maintained, at all times the Pledged Spare Parts in accordance with all applicable Laws issued by the FAA or any other Government Entity having jurisdiction over the Company or any such Pledged Spare Parts, including making any modifications, alterations, replacements and additions necessary therefor, and shall utilize, or cause to be utilized, the same manner and standard of maintenance with respect to each model of Spare Part included in the Pledged Spare Parts as is utilized for such model of Spare Part owned by the Company and not included in the Pledged Spare Parts;

(ii) shall maintain, or cause to be maintained, all records, logs and other materials required by the FAA or under the Act to be maintained in respect of the Pledged Spare Parts and shall not modify its record retention procedures in respect of the Pledged Spare Parts if such modification would materially diminish the value of the Pledged Spare Parts, taken as a whole;

(iii) shall maintain, or cause to be maintained, the Pledged Spare Parts in good working order and condition and shall perform all maintenance thereon necessary

for that purpose, excluding (x) Pledged Spare Parts that have become worn out or unfit for use and not reasonably repairable or that have become obsolete, (y) Pledged Spare Parts that are not required for the Company's normal operations and (z) Expendables that have been consumed or used in the Company's operations; and

(iv) shall maintain, or cause to be maintained, all Spare Parts Documents in respect of the Pledged Spare Parts in the English language.

(b) Use, Designated Location and Possession.

(i) Subject to the terms of Section 4.11 of the Indenture, the Company shall have the right, at any time and from time to time at its own cost and expense, without any release from or consent by the Collateral Agent, to deal with the Pledged Spare Parts in any manner consistent with the Company's ordinary course of business, including without limitation any of the following:

(A) to incorporate in, install on, attach or make appurtenant to, or use in, any Aircraft, Engine or Spare Part leased to or owned by the Company (whether or not subject to any Lien) any Pledged Spare Part, free from the Lien of this A Mortgage;

(B) to dismantle any Pledged Spare Part that has become worn out or obsolete or unfit for use, and to sell or dispose of any such Pledged Spare Part or any salvage resulting from such dismantling, free from the Lien of this A Mortgage; and

(C) to transfer any or all of the Pledged Spare Parts located at one or more Designated Locations to one or more other Designated Locations or to one or more locations which are not Designated Locations.

(ii) The Company shall keep the Pledged Spare Parts at one or more of the Designated Locations, except as otherwise permitted under Section 3.02(b)(i) or 3.02(c) of this A Mortgage. If and whenever the Company shall wish to add a location as a Designated Location, the Company will furnish to the Collateral Agent the following:

(A) an A Mortgage Supplement duly executed by the Company, identifying each location that is to become a Designated Location and specifically subjecting the Pledged Spare Parts at such location to the Lien of this A Mortgage;

(B) an opinion of counsel, dated the date of execution of said A Mortgage Supplement, stating that said A Mortgage Supplement has been duly filed for recording in accordance with the provisions of the Act, and either: (a) no other filing or recording is required in any other place within the United States in order to perfect the Lien of this A Mortgage on the Spare Parts held at the Designated Locations specified in such A Mortgage Supplement under the laws of

the United States, or (b) if any such other filing or recording shall be required that said filing or recording has been accomplished in such other manner and places, which shall be specified in such opinion of counsel, as are necessary to so perfect the Lien of this A Mortgage; and

(C) An Officer's Certificate stating that in the opinion of the officer executing such Officer's Certificate, all conditions precedent provided for in this A Mortgage relating to the subjection of such property to the Lien of this A Mortgage have been complied with.

(iii) Without the prior written consent of the Collateral Agent, the Company will not sell, lease or otherwise in any manner deliver, transfer or relinquish possession of any Pledged Spare Part to anyone other than the grant of the security interest to the Collateral Agent pursuant to this A Mortgage and the other Security Documents, except as permitted by the provisions of Section 4.11 of the Indenture and Sections 3.02(b) and 3.02(c) of this A Mortgage and except that, notwithstanding the foregoing, the Company shall have the right, in the ordinary course of business, (i) to transfer possession of any Pledged Spare Part to the manufacturer thereof or any other organization for testing, overhaul, repairs, maintenance, alterations or modifications or to any Person for the purpose of transport to any of the foregoing or (ii) to subject any Pledged Spare Part to a pooling, exchange, borrowing or maintenance servicing agreement or arrangement customary in the airline industry and entered into by the Company in the ordinary course of its business; provided, however, that if the Company's title to any such Pledged Spare Part shall be divested under any such agreement or arrangement, such divestiture shall be deemed to be a Sale with respect to such Pledged Spare Part subject to the provisions of Section 4.11 of the Indenture.

(iv) So long as no Event of Default shall have occurred and be continuing and subject to the other terms of this Section 3.02 and to the terms of Section 4.11 of the Indenture, the Company may enter into a lease with respect to any Pledged Spare Part to any U.S. Certificated Air Carrier that is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person (a "**Permitted Lessee**"). In the case of any such lease, the Company will include in such lease appropriate provisions which (t) make such lease expressly subject and subordinate to all of the terms of this A Mortgage, including the rights of the Collateral Agent to repossess such Pledged Spare Part and avoid such lease in the exercise of its rights to repossession of the Pledged Spare Parts under this A Mortgage, and the Company shall remain primarily liable for the performance and observance of all of the terms of this A Mortgage and all the terms and conditions of this A Mortgage and the other Transaction Documents shall remain in effect, in each case to the same extent as if such lease or transfer had not occurred; (u) require the Permitted Lessee to comply with the terms of Section 3.06; and (v) require that the Pledged Spare Parts subject thereto be used in accordance with the limitations applicable to the Company's use, possession and location of such Pledged Spare Parts provided in this

A Mortgage (including, without limitation, that such Pledged Spare Parts be kept at one or more Designated Locations), it being understood that such Permitted Lessee shall be entitled to incorporate in, install on, attach or make appurtenant to, or use in, any Aircraft or Engine leased to, or owned by, such Permitted Lessee (whether or not subject to any Lien) any Pledged Spare Part subject thereto, free from the Lien of this A Mortgage. No lease permitted under this Section shall be entered into unless (w) the Company shall provide written notice to the Collateral Agent (promptly after entering into any such lease); (x) the Company shall furnish to the Collateral Agent evidence reasonably satisfactory to the Collateral Agent that the insurance required by Section 3.06(a) remains in effect; (y) all necessary documents shall have been duly filed, registered or recorded in such public offices as may be required fully to preserve the first priority security interest (subject to Permitted Liens) of the Collateral Agent in the Pledged Spare Parts; and (z) the Company shall reimburse the Collateral Agent for all of its reasonable out-of-pocket fees and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by the Collateral Agent in connection with any such lease. Except as otherwise provided herein and without in any way relieving the Company from its primary obligation for the performance of its obligations under this A Mortgage and the Indenture (including Section 4.11 thereof), the Company may in its sole discretion permit a Permitted Lessee to exercise any or all rights which the Company would be entitled to exercise under this Section 3.02, and may cause a Permitted Lessee to perform any or all of the Company's obligations under Article III hereof, and the Collateral Agent agrees to accept actual and full performance thereof by a Permitted Lessee in lieu of performance by the Company. No pooling agreement, permitted lease or other relinquishment of possession of any Pledged Spare Part shall in any way discharge or diminish any of the Company's obligations under this A Mortgage or constitute a waiver by the Collateral Agent of any rights or remedies hereunder.

(c) Permitted Sale or Dispositions.

(i) So long as no Special Default or Event of Default has occurred and is continuing, the Company may sell, transfer or dispose of Pledged Spare Parts free from the Lien of the A Mortgage, subject to compliance with Section 4.11 of the Indenture.

(ii) No purchaser in good faith of property purporting to be transferred pursuant to this Section 3.02 shall be bound to ascertain or inquire into the authority of the Company to make any such transfer, free and clear of the Lien of this A Mortgage. Any instrument of transfer executed by the Company under this Section 3.02 shall be sufficient for the purposes of this A Mortgage and shall constitute a good and valid release, assignment and transfer of the property therein described free from the Lien of this A Mortgage.

Section 3.03. Inspection.

(a) At all reasonable times, upon at least fifteen days prior written notice to the Company, the Secured Parties and their respective authorized representatives (the

“**Inspecting Parties**”) may (not more than once every 12 months unless an Event of Default has occurred and is continuing, then such inspection right shall not be so limited) inspect the Pledged Spare Parts (including without limitation, the Spare Parts Documents) and any such Inspecting Party may make copies of such Spare Parts Documents not reasonably deemed confidential by Company or any Permitted Lessee.

(b) Any inspection of the Pledged Spare Parts hereunder shall be limited to a visual inspection and shall not include the disassembling or opening of any components of any Pledged Spare Parts, and no such inspection shall interfere with the Company’s or any Permitted Lessee’s maintenance and use of the Pledged Spare Parts.

(c) With respect to such rights of inspection, no Secured Party shall have any duty or liability to make, or any duty or liability by reason of not making, any such visit, inspection or survey.

(d) Each Inspecting Party shall bear its own expenses in connection with any such inspection (including the cost of any copies made in accordance with Section 3.03(a)) provided that all such expenses incurred while an Event of Default shall have occurred shall be paid by the Company.

Section 3.04. Indenture Obligations.

The Company agrees to perform and observe all of the agreements, covenants and obligations of the Company set forth in the Indenture (including, without limitation, the payment in full of the principal of, interest on and all other amounts owing in respect of the Securities), the Securities and the other Transaction Documents (it being understood that this Section 3.04 shall not restrict the ability to amend or supplement, or waive compliance with, any Transaction Document in accordance with its terms).

Section 3.05. [Intentionally Omitted.]

Section 3.06. Insurance.

(a) Obligation to Insure. The Company shall comply with, or cause to be complied with, each of the provisions of Annex B, which provisions are hereby incorporated by this reference as if set forth in full herein.

(b) Insurance for Own Account. Nothing in this Section 3.06 shall limit or prohibit (a) the Company from maintaining the policies of insurance required under Annex B with higher coverage than those specified in Annex B, or (b) the Collateral Agent or any other Additional Insured from obtaining insurance for its own account (and any proceeds payable under such separate insurance shall be payable as provided in the policy relating thereto); provided, however, that no insurance may be obtained or maintained that would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by the Company pursuant to this Section 3.06 and Annex B.

(c) Indemnification by Government in Lieu of Insurance. The Collateral Agent agrees to accept, in lieu of insurance against any risk with respect to any Pledged Spare Part described in Annex B, indemnification from, or insurance provided by, the U.S. Government, or upon the written consent of the Collateral Agent, other Government Authority, against such risk in an amount that, when added to the amount of insurance (including permitted self-insurance), if any, against such risk that the Company (or any Permitted Lessee) may continue to maintain, in accordance with this Section 3.06, shall be at least equal to the amount of insurance against such risk otherwise required by this Section 3.06.

(d) Application of Insurance Proceeds. All losses will be adjusted by the Company with the insurers. As between the Company and the Collateral Agent, all insurance proceeds shall be distributed in accordance with the provisions of Annex B. At any time or from time to time after the receipt by the Collateral Agent of insurance proceeds following an Event of Loss, upon submission to the Collateral Agent of an Officer's Certificate stating that the Company has after the occurrence of such Event of Loss purchased additional Spare Parts that are located at or have been shipped by vendor(s) to a Designated Location and stating the aggregate purchase price for such additional Pledged Spare Parts, the Collateral Agent shall pay the amount of such purchase price, up to the amount of such insurance proceeds not previously disbursed pursuant to this sentence or otherwise distributed under this A Mortgage to the Company or its designee. If either the Collateral Agent or the Company receives a payment of such insurance proceeds in excess of its entitlement pursuant to this A Mortgage, it shall promptly pay such excess to the other.

(e) Application of Payments During Existence of a Special Default or Event of Default. Any amount described in this Section 3.06 that is payable or creditable to, or retainable by, the Company shall not be paid or credited to, or retained by, the Company if at the time such payment, credit or retention would otherwise occur a Special Default or Event of Default shall have occurred and be continuing, but shall instead be held by or paid over to the Collateral Agent as security for the obligations of the Company under the Transaction Documents and shall be invested pursuant to Section 7.08 hereof. At such time as there shall not be continuing any Special Default or Event of Default, such amount and any gains thereon shall be paid to the Company to the extent not previously applied in accordance with this A Mortgage or the other Transaction Documents.

Section 3.07. Filings; Change of Office.

(a) The Company, at its sole cost and expense, will cause the FAA Filed Documents with respect to the Pledged Spare Parts, the Financing Statements with respect to the Pledged Spare Parts, and all continuation statements (and any amendments necessitated by any combination, consolidation or merger of the Company, any conveyance, transfer or lease of all or substantially all of the assets of the Company, or any change of the Company's location) in respect of such Financing Statements, to be prepared and duly and timely filed and recorded, or filed for recordation, to the extent permitted under the Act (with respect to such FAA Filed Documents) or the UCC.

(b) The Company will give the Collateral Agent timely written notice (but in any event within 30 days prior to the expiration of the period of time specified under applicable law to prevent lapse of perfection) of any change of (x) its "location" (as such term is used in Section 9-307 of the UCC) from its then present location or (y) its legal name, and will promptly take any action required by Section 3.07(a) as a result of such relocation or change of its legal name.

ARTICLE IV

REMEDIES

Section 4.01. Remedies. If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Collateral Agent may exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Article IV and shall have and may exercise all of the rights and remedies of a secured party under the UCC and may take possession of all or any part of the properties covered or intended to be covered by the Lien created hereby or pursuant hereto and may exclude the Company and all persons claiming under it wholly or partly therefrom and may sell the Collateral as a whole or in part from time to time; provided, that the Collateral Agent shall give the Company twenty days' prior written notice of its intention to sell any Collateral. Without limiting any of the foregoing, it is understood and agreed that the Collateral Agent may exercise any right of sale, lease or other disposition of any Collateral available to it, even though it shall not have taken possession of such Collateral and shall not have possession thereof at the time of such sale, may pursue all or part of the Collateral wherever it may be found and may enter any of the premises of the Company wherever the Collateral may be or is supposed to be and search for the Collateral and take possession of and remove the Collateral.

Section 4.02. Return of Collateral, Etc.

(a) If an Event of Default shall have occurred and be continuing and the unpaid Accreted Principal on any Security, together with interest accrued thereon, have become due and payable in accordance with Section 6.02 of the Indenture, at the request of the Collateral Agent, the Company shall assemble the Collateral and make it available to the Collateral Agent at the Designated Locations and shall promptly execute and deliver to the Collateral Agent such instruments of title and other documents as the Collateral Agent may deem necessary or advisable to enable the Collateral Agent or an agent or representative designated by the Collateral Agent, at such time or times and place or places as the Collateral Agent may specify, to obtain possession of all or any part of the Collateral to which the Collateral Agent shall at the time be entitled hereunder. If the Company shall for any reason fail to execute and deliver such instruments and documents after such request by the Collateral Agent, the Collateral Agent may (i) obtain a judgment conferring on the Collateral Agent the right to immediate possession and requiring the Company to execute and deliver such instruments and documents to the Collateral Agent, to the entry of which judgment the Company hereby specifically consents to the fullest extent permitted by Law and (ii) pursue all or part of such Collateral wherever it may be found and may enter any of the premises of the Company wherever such Collateral may be or is

supposed to be and search for such Collateral and take possession of and remove such Collateral. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this A Mortgage.

(b) Upon every such taking of possession, the Collateral Agent may, from time to time, at the expense of the Company, make all such expenditures for maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modifications or alterations to and of the Collateral, as it may deem proper. In each such case, the Collateral Agent shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Collateral and to exercise all rights and powers of the Company relating to the Collateral, as the Collateral Agent shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modification or alteration of the Collateral or any part thereof as the Collateral Agent may determine, and the Collateral Agent shall be entitled to collect and receive directly all rents, revenues and other proceeds of the Collateral and every part thereof, without prejudice, however, to the right of the Collateral Agent under any provision of this A Mortgage to collect and receive all cash held by, or required to be deposited with, the Collateral Agent hereunder. Such rents, revenues and other proceeds shall be applied to pay the expenses of the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, improvement, modification or alteration of the Collateral and of conducting the business thereof, and to make all payments which the Collateral Agent may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Company), and all other payments which the Collateral Agent may be required or authorized to make under any provision of this A Mortgage, as well as just and reasonable compensation for the services of the Collateral Agent, and of all persons properly engaged and employed by the Collateral Agent with respect hereto.

(c) To the extent permitted by applicable Law, the Collateral Agent and each other Secured Party may be a purchaser of the Collateral or any part thereof or any interest therein at any such sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Collateral Agent or any other Secured Party, upon any such purchase, shall acquire good title to the property so purchased, to the extent permitted by applicable Law, free of the Company's rights of redemption. The Holders, or the Collateral Agent on their behalf, shall be entitled, at any sale or similar disposition of Collateral pursuant to the exercise of remedies, to credit against any purchase price bid at such sale by such Holder all or any part of the unpaid Obligations owing to such Holders.

(d) Upon any sale of the Collateral or any part thereof or interest therein pursuant hereto, whether pursuant to foreclosure or power of sale or otherwise, the receipt of the official making the sale by judicial proceeding or of the Collateral Agent shall be sufficient discharge to the purchaser for the purchase money and neither such official nor such purchaser shall be obligated to see to the application thereof.

(e) Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall be a perpetual bar against the Company, after the expiration of the period, if any, during which such Person shall have the benefit of redemption laws which may not be waived as provided above.

(f) Any sale or other conveyance of any Collateral or any interest therein by the Collateral Agent made pursuant to the terms of this A Mortgage shall bind the Company and the Secured Parties and shall be effective to transfer or convey all right, title and interest of the Collateral Agent, the Company and the other Secured Parties in and to such Collateral. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Collateral Agent.

Section 4.03. Remedies Cumulative. Each and every right, power and remedy given to the Collateral Agent specifically or otherwise in this A Mortgage shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at Law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Collateral Agent, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Collateral Agent in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Company or to be an acquiescence therein.

Section 4.04. Discontinuance of Proceedings. In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this A Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the Company and the Collateral Agent shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Company or the Collateral Agent shall continue as if no such proceedings had been instituted.

Section 4.05. Appointment of Receiver. The Collateral Agent shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Collateral Agent or any successor or nominee thereof) for all or any part of the Collateral after the occurrence and during the continuance of an Event of Default, whether such receivership be incidental to a proposed sale of the Collateral or the taking of possession thereof or otherwise, and the Company hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers of the Collateral Agent with respect to the Collateral.

Section 4.06. The Collateral Agent Authorized to Execute Bills of Sale, Etc. The Company irrevocably appoints, while an Event of Default has occurred and is continuing, the

Collateral Agent the true and lawful attorney-in-fact of the Company (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this A Mortgage, whether pursuant to foreclosure or power of sale, assignments and other instruments as may be necessary or appropriate or entering into any agreement described in Section 4.02(b), with full power of substitution, the Company hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law. Nevertheless, if so requested by the Collateral Agent or any purchaser, the Company shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Collateral Agent or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

ARTICLE V

RECEIPT, DISTRIBUTION AND APPLICATION OF PAYMENTS

Section 5.01. Payments Prior to Event of Default. Subject to Section 5.02, if the Collateral Agent shall receive any payment of principal (including, for this purpose, Accreted Principal) or interest on the Securities, it shall distribute such funds to the Paying Agent for payment to the Holders entitled thereto in accordance with the terms of the Indenture and the Securities.

Section 5.02. Payments After Event of Default. Except as otherwise provided in Section 5.03 hereof, all payments received from the Company or otherwise on account of the Secured Obligations and amounts held or realized by the Collateral Agent (including any amounts realized by the Collateral Agent from the exercise of any remedies pursuant to Article IV hereof), in each case after an Event of Default shall have occurred and be continuing, as well as all payments or amounts then held by the Collateral Agent as part of the Collateral, shall be applied in accordance with Section 6.10 of the Indenture; provided that, notwithstanding the provisions of Section 6.10 of the Indenture, after an Event of Default shall have occurred and be continuing and the Maturity of the Securities has been accelerated pursuant to Section 6.02 of the Indenture, such payments or amounts then held by the Collateral Agent as part of the Collateral shall be applied as follows under clause "Second" of Section 6.10 of the Indenture: Second: (i) first, to Holders for amounts due and unpaid on the Securities for all interest (including all interest on any applicable amounts accruing at the Post-Acceleration Rate) ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for interest and (ii) second, any remaining amounts to Holders for amounts due and unpaid on the Securities for Accreted Principal ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for Accreted Principal.

Section 5.03. Certain Payments.

(a) Any payments received by the Collateral Agent for which no provision as to the application thereof is made in this A Mortgage and for which such provision is made in the Indenture or any other Transaction Document shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Indenture or such other Transaction Document, as the case may be.

(b) Notwithstanding anything to the contrary contained in this Article V, the Collateral Agent will distribute promptly upon receipt by it of any indemnity payment from the Company directly to the Person entitled thereto.

ARTICLE VI

DUTIES OF THE COLLATERAL AGENT

Section 6.01. Notice of Event of Default; Action Upon Event of Default. If the Collateral Agent has knowledge of an Event of Default, the Collateral Agent shall promptly give notice of such Event of Default to the Secured Parties and to the Company. The Collateral Agent shall take such action, or refrain from taking such action, with respect to such Event of Default (including with respect to the exercise of any rights or remedies hereunder), only as the Trustee shall instruct the Collateral Agent in writing. For all purposes of this A Mortgage, in the absence of knowledge by a Responsible Officer, the Collateral Agent shall not be deemed to have knowledge of a Default, an Event of Default or an Event of Loss unless notified in writing by the Company or any Secured Party.

Section 6.02. Action Upon Instructions. Subject to the terms of this Article VI, upon the written instructions at any time of the Trustee, the Collateral Agent shall promptly (i) give such notice, direction, consent, waiver or approval, or exercise such right, remedy or power hereunder in respect of all or any part of the Collateral, or (ii) take such other action in accordance with the terms hereof, the Indenture and the other Transaction Documents as shall be specified in such instruction. The Collateral Agent will execute such continuation statements with respect to Financing Statements relating to the security interest created hereunder in the Collateral as the Trustee may specify from time to time in written instructions, which instructions shall be accompanied by the form of continuation statement to be executed by the Collateral Agent, such continuation statement to be filed by either the Collateral Agent or the Company. The Collateral Agent shall not be liable to the Company with respect to any action taken or omitted to be taken by it hereunder, except for any actions or omissions constituting the gross negligence or willful misconduct of the Collateral Agent.

Section 6.03. Indemnification. The Collateral Agent shall not be required to take any action or refrain from taking any action under Section 6.01 (other than the first sentence thereof), Section 6.02 or Article IV or to take any action or refrain from taking any action at the direction or instructions of the Trustee under any other Section hereof, the Indenture or under any other Transaction Document unless it shall have received indemnification against any risks or costs incurred in connection therewith in form and substance reasonably satisfactory to it, including, without limitation, adequate advances against costs which may be incurred by it in connection therewith.

Section 6.04. No Duties Except as Specified in A Mortgage or Instructions. The Collateral Agent shall not have any duty or obligation to manage, control, lease, use, sell, operate, store, dispose of or otherwise deal with any of the Collateral, or to otherwise take or refrain from taking any action under, or in connection with, this A Mortgage, except as expressly provided by the terms of this A Mortgage or as expressly provided in written instructions received pursuant to the terms of Section 6.01 or 6.02; and no implied duties or obligations shall be read into this A Mortgage, the Indenture or the other Transaction Documents against the Collateral Agent. The Collateral Agent agrees that it will in its individual capacity and at its own costs and expense (but without any right of indemnity in respect of any such cost or expense under Section 6.08 hereof) promptly take such action as may be necessary duly to discharge all liens and encumbrances on any part of the Collateral which result from claims against it in its individual capacity not related to the administration of the Collateral or any other transaction pursuant to this A Mortgage or any document included in the Collateral.

Section 6.05. No Action Except Under A Mortgage or Instructions. The Collateral Agent agrees that it will not manage, control, use, sell, lease, operate, store, dispose of or otherwise deal with any Pledged Spare Parts or other property constituting part of the Collateral except in accordance with the powers granted to, or the authority conferred upon, the Collateral Agent pursuant to this A Mortgage, the Indenture and the other Transaction Documents and in accordance with the express terms hereof and thereof.

Section 6.06. Reports, Notices, Etc. The Collateral Agent will furnish to the other Secured Parties, promptly upon receipt thereof, duplicates or copies of all reports, opinions, notices, requests, demands, certificates, financial statements and other instruments furnished to the Collateral Agent, to the extent that the same shall not have been otherwise furnished to the other Secured Parties pursuant to this A Mortgage, the Indenture or any other Transaction Document; provided, the failure of the Collateral Agent to furnish the other Secured Parties with such duplicates or copies shall not impair or affect the validity of any such report, opinion, notice, request, demand, certificate, financial statement or other instrument. The Collateral Agent's sole responsibility with respect to such reports, opinions, notices, requests, demands, certificates, financial statements and other instruments shall be to furnish them to the other Secured Parties to the extent provided in this Section.

Section 6.07. No Charges. The Collateral Agent agrees that it will not impose any lifting charge, cable charge, remittance charge or any other charge or fee on any transfer by the Company of funds to, through or by the Collateral Agent pursuant to the Indenture or any other Transaction Document, except as may be otherwise agreed in writing by the Company.

Section 6.08. Scope of Indemnification. The Collateral Agent shall be indemnified by the Company to the extent and in the manner provided in Section 6 of the Underwriting Agreement.

ARTICLE VII

THE COLLATERAL AGENT

Section 7.01. Acceptance of Duties. The Collateral Agent accepts the duties created pursuant to Article VI of this A Mortgage. The Collateral Agent shall have no liability hereunder, under the Indenture or under any other Transaction Document except as provided in Article VI of this A Mortgage.

Section 7.02. Absence of Duties. Except in accordance with written instructions, requests or consents furnished pursuant to Sections 6.01, 6.02 or 9.01 and except as provided in, and without limiting the generality of, Section 6.04, the Collateral Agent shall have no duty (a) to see to any recording or filing of this A Mortgage or any other document, or to see to the maintenance of any such recording or filing, (b) to see to any insurance on any of the Pledged Spare Parts or to effect or maintain any such insurance, whether or not the Company shall be in default with respect thereto, (c) to confirm, verify or inquire into the failure to receive any financial statements of the Company, (d) to inspect any of the Pledged Spare Parts at any time or ascertain or inquire as to the performance or observance of any of the Company's covenants under this A Mortgage with respect to any of the Pledged Spare Parts or (e) to give any consent, make any election or determination or exercise any discretion, it being understood that, except as otherwise expressly provided herein, the duties of the Collateral Agent hereunder, under the Indenture and under any other Transaction Document shall be wholly ministerial in nature.

Section 7.03. No Representations or Warranties as to any Pledged Spare Parts or Documents. The Collateral Agent shall not be deemed to have made any representation or warranty as to the validity, legality or enforceability of this A Mortgage, the Indenture, the Securities, any A Mortgage Supplement, any other Transaction Document or any other document or instrument, or as to the correctness of any statement (other than a statement by the Collateral Agent) contained herein or therein.

Section 7.04. No Segregation of Moneys; No Interest. Subject to Section 7.08, no moneys received by the Collateral Agent hereunder need be segregated in any manner except to the extent required by law, and any such moneys may be deposited under such general conditions for the holding of trust funds as may be prescribed by law applicable to the Collateral Agent, and, except as otherwise provided herein or as agreed in writing by the Collateral Agent, the Collateral Agent shall not be liable for any interest thereon; provided that any payments received or applied hereunder by the Collateral Agent shall be accounted for by the Collateral Agent so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

Section 7.05. Reliance; Advice of Counsel. The Collateral Agent shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by the Collateral Agent to be genuine and reasonably believed by it to be signed by the proper party or parties as provided in Section 7.02 of the Indenture.

Section 7.06. Capacity in Which Acting. The Collateral Agent has entered into this A Mortgage in its capacity as agent for the other Secured Parties. In performing its functions and duties hereunder, the Collateral Agent shall act solely as an agent of the other Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Company or any of its successors and assigns.

Section 7.07. Compensation and Reimbursement. The Company agrees:

(a) to pay to the Collateral Agent from time to time reasonable compensation for all services rendered by it hereunder, under the Indenture or under any other Transaction Document as separately agreed between them; and

(b) except as otherwise expressly provided herein, to reimburse the Collateral Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Collateral Agent in accordance with any provision of this A Mortgage, the Indenture or any other Transaction Document (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence or bad faith; provided that, the Collateral Agent agrees that it shall have no rights against the Holders for any fee as compensation for its services as collateral agent under this A Mortgage.

Section 7.08. Investment of Security Funds. Any monies paid to or received by the Collateral Agent which are required to be paid to the Company or applied for the benefit of the Company, but which the Collateral Agent is entitled to hold under the terms hereof pending the occurrence of some event or the performance of some act (including, without limitation, the remedying of a Special Default or an Event of Default), shall, until paid to the Company or applied as provided herein, be invested by the Collateral Agent at the written authorization and direction of the Company (except when a Special Default or an Event of Default has occurred and is continuing or when the Company fails to give the Collateral Agent such written authorization and direction, during which time the Collateral Agent shall invest such funds in accordance with its automated cash investment system) from time to time at the sole expense and risk of the Company in Investment Securities. All Investment Securities held by the Collateral Agent shall either be (a) registered in the name of, payable to the order of, or specially endorsed to, the Collateral Agent or (b) held in an Eligible Account. There shall be remitted to the Company any gain (including interest received) realized as the result of any such investment (net of any fees, commissions, other expenses or losses, if any, incurred in connection with such investment) unless a Special Default or an Event of Default shall have occurred and be continuing. The Collateral Agent shall not be liable for any loss relating to any Investment Security made pursuant to this Section 7.08. The Company will promptly pay to the Collateral Agent, on demand, the amount of any loss (net of any gains, including interest received) realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment).

ARTICLE VIII**SUPPLEMENTS AND AMENDMENTS TO THIS MORTGAGE
AND OTHER DOCUMENTS**

Section 8.01. Amendments. Except as set forth in Section 8.02, no amendment or modification hereof shall be effective unless signed by the Company and the Collateral Agent (at the written direction of the Trustee).

Section 8.02. No Request Necessary for an A Mortgage Supplement. No written request or consent of the Holders or the Trustee shall be required to enable the Collateral Agent to execute and deliver an A Mortgage Supplement specifically required by the terms hereof, the Indenture or any other Transaction Document.

ARTICLE IX**MISCELLANEOUS**

Section 9.01. Termination of A Mortgage. Upon (or at any time after) payment in full of the Secured Obligations (provided that no Default or Event of Default shall have occurred and be continuing), then upon request of the Company, the Collateral Agent shall execute and deliver to or as directed in writing by the Company an appropriate instrument furnished to it by the Company releasing the Pledged Spare Parts and all other Collateral from the Lien of the A Mortgage and, in such event, this A Mortgage shall terminate and be of no further force or effect; provided that, this A Mortgage and the Lien created hereby shall earlier terminate and this A Mortgage shall be of no further force or effect upon any sale or other final disposition by the Collateral Agent of all property constituting part of the Collateral and the final distribution by the Collateral Agent of all monies or other property or proceeds constituting part of the Collateral in accordance with the terms hereof. In connection with any release of the Collateral pursuant to the first sentence of this Section 9.01, the Collateral Agent shall, at the Company's expense, procure the discharge of the Lien granted under this A Mortgage in the Pledged Spare Parts. Except as aforesaid otherwise provided and as provided elsewhere herein, this A Mortgage and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

Section 9.02. Bankruptcy. It is the intention of the parties that the Collateral Agent shall be entitled to the benefits of Section 1110 with respect to the financing of the Pledged Spare Parts under the Indenture and the other Transaction Documents in the event of a case under Chapter 11 of the Bankruptcy Code in which the Company is a debtor, and in any instance where more than one construction is possible of the terms and conditions hereof, the Indenture or any other pertinent Transaction Document, each such party agrees that a construction which would preserve such benefits shall control over any construction which would not preserve such benefits. In furtherance of the foregoing, the Company hereby confirms to the Collateral Agent that all Spare Parts subjected to the Lien of this A Mortgage shall have been first placed in service after October 22, 1994, and no other Spare Parts not so placed in service shall at any time be subjected to the Lien of this A Mortgage.

Section 9.03. No Legal Title to Collateral in Secured Parties. No Secured Party shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of a Security or other right, title and interest of any Secured Party in and to the Collateral or hereunder shall operate to terminate this A Mortgage or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Collateral.

Section 9.04. Sale of Collateral by Collateral Agent Is Binding. Any sale or other conveyance of the Collateral, or any part thereof (including any part thereof or interest therein), by the Collateral Agent made pursuant to the terms of this A Mortgage shall bind the Secured Parties and shall be effective to transfer or convey all right, title and interest of the Collateral Agent, the Company, and the other Secured Parties in and to such Collateral or part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Collateral Agent.

Section 9.05. A Mortgage for Benefit of the Company, Collateral Agent and Secured Parties. Nothing in this A Mortgage, whether express or implied, shall be construed to give any Person other than the Company, the Collateral Agent and the other Secured Parties any legal or equitable right, remedy or claim under or in respect of this A Mortgage, except that the Persons referred to in the last paragraph of Section 3.02(b) shall be third party beneficiaries of such paragraph.

Section 9.06. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers or documents provided or permitted by this A Mortgage to be made, given, furnished or filed shall be in writing in the English language, personally delivered, sent by recognized overnight carrier or mailed by certified mail, postage prepaid, or by facsimile, and (i) if to the Company, addressed to it at 77 W. Wacker Drive, Chicago, Illinois 60601, Attention: Vice President and Treasurer, facsimile: (312) 997-8333 or (ii) if to the Collateral Agent or the Trustee, addressed to it at its office 299 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services, facsimile number (801) 246-5053. Whenever any notice in writing is required to be given by the Company or the Collateral Agent to the other of them, such notice shall be deemed given and such requirement satisfied when such notice is received at such address. Any of the foregoing Persons may change the address or telefax number to which notices to such party will be sent by giving notice of such change to the other Persons.

Section 9.07. Severability. Any provision of this A Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, to the fullest extent permitted by law. Any such prohibition or unenforceability in any particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, to the fullest extent permitted by law.

Section 9.08. No Oral Modification or Continuing Waivers. No term or provision of this A Mortgage may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Company and the Collateral Agent. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 9.09. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, each of the parties hereto, the other Secured Parties and the permitted successors and assigns of each, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any Secured Party shall bind the successors and assigns of such Secured Party.

Section 9.10. Headings. The headings of the various Articles and sections herein and in the table of contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 9.11. Governing Law; Submission to Jurisdiction; Venue.

(a) THIS A MORTGAGE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY. Any legal action or proceeding with respect to this A Mortgage may be brought in the courts of the State of New York or the United States for the Southern District of New York located in the Borough of Manhattan, and, by execution and delivery of this A Mortgage, each party hereto hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. Each party hereto hereby further irrevocably waives any claim that any such courts lack jurisdiction over such party, and agrees not to plead or claim, in any legal action or proceeding with respect to this A Mortgage brought in any of the aforesaid courts, that any such court lacks jurisdiction over such party. Each party hereto further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address specified pursuant to Section 9.06, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of either party hereto to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any other party hereto in any other jurisdiction.

(b) Each party hereto hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this A Mortgage brought in the courts referred to in clause (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 9.12. Waiver of Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, OR IN CONNECTION WITH, THIS A MORTGAGE OR ANY MATTER ARISING HEREUNDER.

Section 9.13. Counterparts. This A Mortgage may be executed by the parties hereto in separate counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this A Mortgage to be duly executed by their respective officers thereof duly authorized as of the day and year first above written.

UNITED AIR LINES, INC.

By: /s/ Stephen R. Lieberman
Name: Stephen R. Lieberman
Title: Vice President and Treasurer

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION, as
Collateral Agent**

By: /s/ David Wall
Name: David Wall
Title: Assistant Vice President

ANNEX A

DEFINED TERMS

“**A Mortgage**” means this A Mortgage and Security Agreement.

“**A Mortgage Supplement**” means an A Mortgage Supplement, substantially in the form of Exhibit A to this A Mortgage, with appropriate modifications to reflect the purpose for which it is being used.

“**Act**” means part A of subtitle VII of title 49, United States Code.

“**Additional Insured**” is defined in Section C(i) of Annex B.

“**Aircraft**” means any contrivance invented, used, or designed to navigate or fly in, the air.

“**Default**” means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

“**Debt Balance**” is defined in Section B of Annex B.

“**Designated Locations**” means any of the locations in the U.S. described in the initial A Mortgage Supplement and any subsequent A Mortgage Supplement (meeting the requirements of Section 3.02(b)) at which Spare Parts are held by or on behalf of the Company.

“**Eligible Account**” means an account established by and with an Eligible Institution at the request of the Collateral Agent, which institution agrees, for all purposes of the UCC including Article 8 thereof, that (a) such account shall be a “securities account” (as defined in Section 8-501 of the UCC), (b) such institution is a “securities intermediary” (as defined in Section 8-102(a)(14) of the UCC), (c) all property (other than cash) credited to such account shall be treated as a “financial asset” (as defined in Section 8-102(9) of the UCC), (d) the Collateral Agent shall be the “entitlement holder” (as defined in Section 8-102(7) of the UCC) in respect of such account, (e) it will comply with all entitlement orders issued by the Collateral Agent to the exclusion of the Company, (f) it will waive or subordinate in favor of the Collateral Agent all claims (including, without limitation, claims by way of security interest, lien or right of set-off or right of recoupment) and (g) the “securities intermediary jurisdiction” (under Section 8-110(e) of the UCC) shall be the State of New York.

“**Eligible Institution**” means the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating from Moody’s of at least A3 or its equivalent and from S&P of at least A- or its equivalent.

“**Engine**” means an engine used, or intended to be used, to propel an Aircraft.

“**Event of Default**” has the meaning set forth in Section 6.01 of the Indenture.

“**Event of Loss**” means, with respect to any Pledged Spare Part, any of the following circumstances, conditions or events with respect to such Pledged Spare Part, for any reason whatsoever:

- (a) the loss of such Pledged Spare Part or of the use thereof due to the destruction of such Pledged Spare Part, damage to such Pledged Spare Part beyond economic repair or rendition of such Pledged Spare Part permanently unfit for normal use by Company;
- (b) the actual or constructive total loss of such Pledged Spare Part or any damage to such Pledged Spare Part, which results in an insurance settlement with respect to such Pledged Spare Part on the basis of a total loss or constructive or compromised total loss;
- (c) any theft or disappearance of such Pledged Spare Part for a period of 180 consecutive days or more; and
- (d) any seizure, condemnation, confiscation, taking or requisition (including loss of title) of such Pledged Spare Part by any Government Entity or purported Government Entity (other than a requisition of use by the U.S. Government) for a period exceeding 6 consecutive months.

“**Expendables**” means Pledged Spare Parts, other than Rotables and Repairables.

“**FAA**” means the Federal Aviation Administration of the United States or any Government Authority succeeding to the functions of such Federal Aviation Administration.

“**FAA Filed Documents**” means the A Mortgage and any A Mortgage Supplement thereto.

“**FAA Regulations**” means the Federal Aviation Regulations issued or promulgated pursuant to the Act from time to time.

“**Government Entity**” means (a) any federal, state, provincial or similar government, and any body, board, department, commission, court, tribunal, authority, agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (b) any other government entity having jurisdiction over any matter contemplated by the Transaction Documents or relating to the observance or performance of the obligations of any of the parties to the Transaction Documents.

“**Investment Security**” means (a) any bond, note or other obligation which is a direct obligation of or guaranteed by the U.S. or any agency thereof; (b) any obligation which is a direct obligation of or guaranteed by any state of the U.S. or any subdivision thereof or any

agency of any such state or subdivision, and which has the highest rating published by Moody's or S&P; (c) any commercial paper issued by a U.S. obligor and rated at least P-1 by Moody's or A-1 by S&P; (d) any money market investment instrument relying upon the credit and backing of any bank or trust company which is a member of the Federal Reserve System and which has a combined capital (including capital reserves to the extent not included in capital) and surplus and undivided profits of not less than \$250,000,000 (including the Collateral Agent and its Affiliates if such requirements as to Federal Reserve System membership and combined capital and surplus and undivided profits are satisfied), including, without limitation, certificates of deposit, time and other interest-bearing deposits, bankers' acceptances, commercial paper, loan and mortgage participation certificates and documented discount notes accompanied by irrevocable letters of credit and money market fund investing solely in securities backed by the full faith and credit of the United States; or (e) repurchase agreements collateralized by any of the foregoing.

"Indenture" means the "Indenture" as described in the first WHEREAS clause to this A Mortgage.

"Law" means (a) any constitution, treaty, statute, law, decree, regulation, order, rule or directive of any Government Entity, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

"Lien" means any mortgage, lien, pledge, charge, claim, encumbrance, lease or other security interest or any preferential arrangement that has the practical effect of creating a security interest.

"Paying Agent" has the meaning assigned thereto in Section 2.03 of the Indenture.

"Permitted Lease" is a lease permitted under Section 3.02(b)(iv) hereof.

"Permitted Lessee" has the meaning set forth in Section 3.02(b)(iv) hereof.

"Permitted Liens" means, with respect to any Pledged Spare Part, (a) the rights of the Collateral Agent under the Transaction Documents, or of any Permitted Lessee under any Permitted Lease; (b) Liens attributable to the Collateral Agent; (c) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 3.02(b); (d) Liens of Taxes of the Company (and its U.S. federal tax law consolidated group) or which are assessed with respect to or against any Pledged Spare Part, either not yet delinquent or being contested in good faith by appropriate proceedings so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of the Pledged Spare Parts or the interest of Collateral Agent therein or impair the Lien of the A Mortgage; (e) materialmen's, mechanics', workers', repairers', employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent for more than 60 days or is being contested in good faith by appropriate proceedings, so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of the Pledged Spare Parts or the interest of Collateral Agent therein or impair the Lien of the A Mortgage; (f) Liens arising out of any judgment or award against the Company (or any Permitted Lessee), so long as such judgment shall, within 60 days after the entry thereof, have been discharged or vacated, or

execution thereof stayed pending appeal or shall have been discharged, vacated or reversed within 60 days after the expiration of such stay, and so long as during any such 60 day period there is not, or any such judgment or award does not involve, any material risk of the sale, forfeiture or loss of the Pledged Spare Parts or the interest of Collateral Agent therein or impair the Lien of the Mortgage; (g) salvage or similar rights of insurers under policies required to be maintained by Company under Section 3.06 of the A Mortgage; and (h) any other Lien with respect to which the Company (or any Permitted Lessee) shall have provided a bond, cash collateral or other security adequate in the reasonable opinion of Collateral Agent.

“**Pledged Agreement**” means each contract, agreement or instrument included in the Collateral.

“**Pledged Spare Parts**” has the meaning set forth in clause (1) of the Granting Clauses of this A Mortgage.

“**Repairable**” means a Pledged Spare Part that can be economically restored to a serviceable condition, but has a life that is materially shorter than the life of the flight equipment to which it relates (for the avoidance of doubt, a Repairable cannot be a Rotable and vice versa).

“**Rotable**” means a Pledged Spare Part that wears over time and can be repeatedly restored to a serviceable condition over a period approximating the life of the flight equipment to which it relates.

“**Secured Obligations**” means the “Obligations” as defined in the Indenture.

“**Securities Account**” is defined in Section 2.16 of the Indenture.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Securities Intermediary**” is defined in Section 2.16 of the Indenture.

“**Spare Parts**” means an accessory appurtenance or part of an Aircraft (except an Engine) or Engine that is to be installed at a later time in an Aircraft or Engine.

“**Spare Parts Documents**” has the meaning set forth in clause (6) of the Granting Clause of this A Mortgage.

“**Special Default**” means the occurrence of any Default referred to in Section 6.01(i), (ii), (ix) and (x) of the Indenture.

“**Threshold Amount**” means \$2,000,000.

“**United States**” or “**U.S.**” means the United States of America; provided that for geographic purposes, “United States” means, in aggregate, the 50 States and the District of Columbia of the United States of America.

“**U.S. Certificated Air Carrier**” means any United States air carrier that is a Citizen of the United States holding an air carrier operating certificate issued pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

“**U.S. Government**” means the federal government of the United States, or any instrumentality or agency thereof the obligations of which are guaranteed by the full faith and credit of the federal government of the United States.

RULES OF CONSTRUCTION

Unless the context otherwise requires: (1) a term has the meaning assigned to it; (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP; (3) “or” is not exclusive; (4) words in the singular include the plural, and in the plural include the singular; (5) words implying any gender shall apply to all genders and (6) “including” means including without limitation.

ANNEX A

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ANNEX B
INSURANCE

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference in the A Mortgage.

A. Liability Insurance

The Company will carry or cause to be carried at all times, at no expense to any Additional Insured, third party liability insurance with respect to the Pledged Spare Parts, which is (i) of an amount and scope as may be customarily maintained by the Company for equipment similar to the Pledged Spare Parts and (ii) maintained in effect with insurers of nationally or internationally recognized responsibility (such insurers being referred to herein as “**Approved Insurers**”).

B. Property Insurance

The Company will carry or cause to be carried at all times, at no expense to any Additional Insured, with Approved Insurers insurance covering physical damage to the Pledged Spare Parts providing for the reimbursement of the actual expenditure incurred in repairing or replacing any damaged or destroyed Pledged Spare Part or, if not repaired or replaced, for the payment of the amount it would cost to repair or replace such Pledged Spare Part, on the date of loss, with proper deduction for obsolescence and physical depreciation. The Collateral Agent shall be named as a loss payee as its interests may appear.

Any policies of insurance carried in accordance with this Annex B covering the Pledged Spare Parts and any policies taken out in substitution or replacement for any such policies shall provide that (A) all insurance proceeds up to 110% of the outstanding Accreted Principal (the “**Debt Balance**”) paid under such policies as a result of the occurrence of an Event of Loss with respect to any Pledged Spare Part involving proceeds in excess of the Threshold Amount will be paid to the Collateral Agent, it being agreed that the Collateral Agent shall pay the amount of such proceeds to the Company or its order to the extent required under Section 3.06(d) and (B) the entire amount of any insurance proceeds not involving an Event of Loss with respect to any Pledged Spare Parts or involving proceeds of the Threshold Amount or less and the amount of insurance proceeds in excess of the Debt Balance shall be paid to the Company or its order; provided that if a Special Default or an Event of Default shall have occurred and be continuing and the insurers have been notified thereof by the Collateral Agent or the Trustee, the amount of any proceeds of any loss with respect to the Pledged Spare Parts shall be paid to the Collateral Agent.

C. General Provisions

Any policies of insurance carried in accordance with Sections A and B, including any policies taken out in substitution or replacement for such policies:

(i) in the case of Section A, shall name the Collateral Agent and the Trustee as an additional insured (collectively, the “**Additional Insureds**”), as their respective interests may appear;

(ii) shall provide that, in respect of the respective interests of each Additional Insured in such policies, the insurance shall not be invalidated or impaired by any action or inaction (including misrepresentation and non-disclosure) of the Company (or any Permitted Lessee) or any other Person and shall insure the respective interests of the Additional Insureds, as they appear, regardless of any breach or violation of any representation, warranty, declaration, term or condition contained in such policies by the Company (or any Permitted Lessee) or by any other Person;

(iii) shall provide that if the insurers cancel such insurance for any reason whatsoever, or if the same is allowed to lapse for non-payment of premium, or if any material change is made in the insurance which adversely affects the interest of any Additional Insured, such lapse, cancellation or change shall not be effective as to any Additional Insured for thirty days (10 days for nonpayment of premiums or cancellation by the Company) after receipt by such Additional Insured of written notice by such insurers of such lapse, cancellation or change, provided, however, that if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable;

(iv) shall waive any right of the insurers to recourse, subrogation, recoupment, set-off or counterclaim or any other deduction, whether by attachment or otherwise, against any Additional Insured;

(v) shall be primary without right of contribution from any other insurance that may be available to any Additional Insured;

(vi) shall provide that all of the liability insurance provisions thereof, except the limits of liability and agreed value, shall operate in all respects as if a separate policy had been issued covering each party insured thereunder;

(vii) shall provide that none of the Additional Insureds shall be liable for any insurance premium; and

(viii) may provide for self-insurance to the extent permitted in Section F hereof.

D. Reports and Certificates; Other Information

On or prior to the Closing Date and on or prior to each renewal date of the insurance policies required hereunder, the Company will furnish or cause to be furnished to the Collateral Agent insurance certificates describing in reasonable detail the insurance maintained by the Company hereunder and a report, signed by Aon Risk Services, Inc. of Illinois, or any other independent firm of insurance brokers which brokers may be in the regular employ of the Company or any Permitted Lessee (the “**Insurance Broker**”), describing in reasonable detail the

property and liability insurance then carried and maintained with respect to the Pledged Spare Parts and stating the opinion of such firm that such insurance complies with the requirements of this Annex B; provided, however, that such opinion shall not be required if the then Insurance Broker generally does not provide such an opinion or will provide such an opinion only for material additional cost. The Company will cause the Insurance Broker to agree to advise the Collateral Agent in writing of any act or omission on the part of the Company of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on the Pledged Spare Parts or cause the cancellation, termination or interruption of such insurance and to advise such Persons in writing at least 30 days prior to the cancellation or material adverse change of any insurance maintained pursuant to this Annex B, provided that if the notice period specified above is not reasonably obtainable, the Insurance Broker shall provide for as long a period of prior notice as shall then be reasonably obtainable.

E. Right to Pay Premiums

The Additional Insureds shall have the rights but not the obligations of an additional named insured. None of the Collateral Agent and the other Additional Insured shall have any obligation to pay any premium, commission, assessment or call due on any such insurance (including reinsurance). Notwithstanding the foregoing, in the event of cancellation of any insurance due to the non-payment of premiums, the Collateral Agent shall have the option, in its sole discretion, to pay any such premium in respect of the Pledged Spare Parts that is due in respect of the coverage pursuant to this A Mortgage and to maintain such coverage, as the Collateral Agent may require, until the scheduled expiry date of such insurance and, in such event, the Company shall, upon demand, reimburse the Collateral Agent for amounts so paid by it.

F. Deductibles; Self-insurance

The Company may self-insure by way of deductible, premium adjustment or franchise provisions or otherwise in the insurance covering the risks required to be insured against pursuant to this Annex B in such amounts as shall be consistent with its normal practices.

EXHIBIT A

FORM OF A MORTGAGE SUPPLEMENT

This **A MORTGAGE SUPPLEMENT NO.** , dated , 20 (herein called this “**A Mortgage Supplement**”) of **UNITED AIR LINES, INC.**, as the borrower (the “**Company**”).

WITNESSETH:

WHEREAS, the A Mortgage and Security Agreement, dated as of July 2, 2009 (the “**A Mortgage**”), between the Company and Wells Fargo Bank Northwest, National Association, as the Collateral Agent (the “**Collateral Agent**”), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Designated Locations and shall specifically mortgage the Pledged Spare Parts to the Collateral Agent; and

WHEREAS, the A Mortgage grants a Lien on, among other things, certain Spare Parts first placed in service after October 22, 1994, to secure (subject to the provisions of the A Mortgage), among other things, the Secured Obligations;

[WHEREAS, the A Mortgage relates to the Spare Parts at the Designated Locations described on the attached Schedule 1, and a counterpart of the A Mortgage is attached hereto and made a part hereof and this A Mortgage Supplement, together with such counterpart of the A Mortgage, is being filed for recordation on the date hereof with the FAA as one document;]¹

WHEREAS, the Company has previously designated the locations at which the Pledged Spare Parts may be maintained by or on behalf of the Company in the A Mortgage [and in A Mortgage Supplement No.];²

WHEREAS, the A Mortgage and the A Mortgage Supplements have been duly recorded with the FAA at Oklahoma City, Oklahoma pursuant to the Act on the following date(s) as a document or conveyance bearing the following number(s):

A Mortgage	DATE OF RECORDING	DOCUMENT OR CONVEYANCE NO.
	[-]	[-] ³

¹ To be included for A Mortgage Supplement No. 1.
² To be included for all A Mortgage Supplements after A Mortgage Supplement No. 1.
³ To be included for all A Mortgage Supplements after A Mortgage Supplement No. 1.

NOW, THEREFORE, the Company confirms that there is hereby granted and that the A Mortgage grants, a Lien on, among other things, all Pledged Spare Parts first placed in service after October 22, 1994 (to secure (subject to the provisions of the A Mortgage), among other things, the Company's obligations to the Secured Parties) at the Designated Locations listed in Schedule 1 hereto.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, its successors and assigns, in trust for the equal and proportionate benefit and security of the Secured Parties without any preference, distinction or priority of any one Security over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, except as provided in the A Mortgage, and for the uses and purposes and subject to the terms and provisions set forth in the A Mortgage.

This A Mortgage Supplement shall be construed as supplemental to the A Mortgage and shall form a part thereof. The A Mortgage is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

THIS A MORTGAGE SUPPLEMENT IS DELIVERED IN THE STATE OF NEW YORK. THIS A MORTGAGE SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Delivery of an executed counterpart of a signature page to this A Mortgage Supplement by telecopier shall be effective as delivery of an original executed counterpart of this A Mortgage Supplement.

* * *

EXHIBIT A

Page 2

IN WITNESS WHEREOF, the Company has caused this A Mortgage Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

UNITED AIR LINES, INC.

By: _____
Name:
Title:

EXHIBIT A
Page 3

**SCHEDULE 1
to Exhibit A**

DESIGNATED LOCATIONS:

No.

Name and Address

EXHIBIT A
Page 4

**B MORTGAGE AND SECURITY
AGREEMENT**

dated as of July 2, 2009

between

UNITED AIR LINES, INC.,
the Company

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
the Collateral Agent

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B MORTGAGE AND SECURITY AGREEMENT

B MORTGAGE AND SECURITY AGREEMENT dated as of July 2, 2009 (this "**B Mortgage**"), between **UNITED AIR LINES, INC.**, a Delaware corporation (the "**Company**"), and **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, a national banking association, as Collateral Agent (the "**Collateral Agent**").

WITNESSETH:

WHEREAS, pursuant to the terms and conditions of that certain Indenture dated as of July 2, 2009 (the "**Indenture**") among the Company and Wells Fargo Bank Northwest, National Association, as the Trustee and as the Collateral Agent, the Company has issued to the Holders certain Senior Secured Notes due 2012 (the "**Securities**");

WHEREAS, the Company desires by this B Mortgage, among other things, to grant to the Collateral Agent for the benefit of the Trustee and other Secured Parties a first priority perfected security interest in the Collateral (as defined below) in accordance with the terms hereof, as security for the Securities and all other Secured Obligations;

WHEREAS, all things necessary to make this B Mortgage the valid, binding and legal obligation of the Company for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have happened; and

WHEREAS, the Company is a U.S. Certificated Air Carrier;

NOW, THEREFORE, the Company and the Collateral Agent agree as follows:

ARTICLE I

DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed in the manner described, in Annex A hereto or Section 1.01 of the Indenture, as the case may be.

ARTICLE II

GRANT OF SECURITY INTEREST

Section 2.01. Grant of Security Interest. In order to secure the prompt payment and performance of the Secured Obligations from time to time outstanding according to their tenor and effect and to secure the performance and observance by the Company of all the agreements, covenants and provisions contained herein, in the Indenture, the Securities and each of the other Transaction Documents for the benefit of the Secured Parties, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Securities by the holders thereof, and for other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Company has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign,

transfer, convey, mortgage, pledge and confirm, unto the Collateral Agent, its successors and assigns, for the security and benefit of the Secured Parties, a first priority security interest in, and mortgage lien on, all right, title and interest of the Company in, to and under the following described property, rights and privileges, whether now or hereafter acquired (which, collectively, together with all property hereafter specifically subject to the Lien of this B Mortgage by the terms hereof or any supplement hereto, are included within, and are referred to as, the “**Collateral**”), to wit:

(1) All Spare Parts, first placed in service on or prior to October 22, 1994 and currently owned or hereafter acquired by the Company; provided, however, that the following shall be excluded from the Lien of this B Mortgage: (v) any Spare Part so long as it is incorporated in, installed on, attached or appurtenant to, or being used on, an Aircraft, Engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used; (w) any Spare Part that has been incorporated in, installed on, attached or appurtenant to, or used on an Aircraft, Engine or Spare Part that is so incorporated, installed, attached, appurtenant or being used, for so long after its removal from such Aircraft or Engine as it remains owned by a lessor or conditional seller of, or subject to a Lien applicable to, such Aircraft or Engine; (x) the Excluded Parts; (y) any Spare Part leased to, loaned to, or held on consignment by, the Company; and (z) any Spare Part first placed in service after October 22, 1994 and currently owned or hereafter acquired by the Company (such Spare Parts, giving effect to such exclusions, the “**Pledged Spare Parts**”);

(2) The rights of the Company under any warranty or indemnity, express or implied, regarding title, materials, workmanship, design or patent infringement or related matters in respect of the Pledged Spare Parts (the “**Warranties**”);

(3) All proceeds with respect to the sale or other disposition by the Collateral Agent of any Pledged Spare Part or other Collateral pursuant to the terms of this B Mortgage, and all property insurance proceeds with respect to any Pledged Spare Part, but excluding any insurance maintained by the Company and not required under Section 3.06;

(4) All rents, revenues and other proceeds collected by the Collateral Agent pursuant to Section 4.02(b) and all monies and securities from time to time deposited or required to be deposited with the Collateral Agent by or for the account of the Company pursuant to any terms of this B Mortgage held or required to be held by the Collateral Agent hereunder, including all Eligible Accounts (including the Securities Account);

(5) All cash, Investment Securities and other financial assets held in any Eligible Account by the Collateral Agent or an Eligible Institution; all Cash Collateral; and all security entitlements with respect thereto;

(6) All repair, maintenance and inventory records, logs, manuals and all other documents and materials similar thereto (including, without limitation, any such records, logs, manuals, documents and materials that are computer print-outs) at any time maintained, created or used by the Company, and all records, logs, documents and other materials required at any time to be maintained by the Company pursuant to the FAA or under the Act, in each case with respect to any of the Pledged Spare Parts (the “**Spare Parts Documents**”); and

(7) All proceeds of the foregoing.

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions, so long as no Event of Default shall have occurred and be continuing, (a) the Collateral Agent shall not (and shall not permit any of its Affiliates or any other Person claiming by, through or under it to) take or cause to be taken any action contrary to the Company’s rights set forth herein and in the Indenture to the quiet enjoyment of the Pledged Spare Parts, and to possess, use, retain and control the Pledged Spare Parts and all revenues, income and profits derived therefrom without hindrance and (b) the Company shall have the right, to the exclusion of the Collateral Agent and the other Secured Parties, with respect to the warranties and indemnities referred to in clause (2) above, to exercise in the Company’s name all rights and powers (other than to amend, modify or waive any of the warranties or indemnities contained therein, except in the exercise of the Company’s reasonable business judgment) and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity under any of the warranties or indemnities.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, and its successors and assigns, in trust for the equal and proportionate benefit and security of the Secured Parties for the uses and purposes and in all cases and as to all property specified in clauses (1) through (7) inclusive above, subject to the terms and provisions set forth in this B Mortgage.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Company shall remain liable under each Pledged Agreement to perform all of the obligations assumed by it thereunder, except to the extent prohibited or excluded from doing so pursuant to the terms and provisions thereof, and the Secured Parties shall have no obligation or liability under any Pledged Agreement by reason of or arising out of the assignment hereunder, nor shall the Secured Parties be required or obligated in any manner to perform or fulfill any obligations of the Company under or pursuant to any Pledged Agreement, or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Company does hereby constitute the Collateral Agent the true and lawful attorney of the Company, irrevocably, granted for good and valuable consideration and coupled with an interest and with full power of substitution, and with full power (in the name of the Company or otherwise) to ask for, require, demand, receive, compound and give acquittance for any and all monies and claims for monies (in each case including insurance and requisition proceeds) due

and to become due under or arising out of any Pledged Agreement, and all other property which now or hereafter constitutes part of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Collateral Agent may deem to be necessary or advisable in the premises; provided that the Collateral Agent shall not exercise any such rights except upon the occurrence and during the continuance of an Event of Default.

The Company agrees that at any time and from time to time, upon the written request of the Collateral Agent, the Company will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents (including without limitation UCC continuation statements) as the Collateral Agent may reasonably deem necessary to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Collateral Agent the full benefits of the assignment hereunder and of the rights and powers herein granted.

ARTICLE III

COVENANTS OF THE COMPANY

Section 3.01. Liens. The Company will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Company's right, title and interest in and to the Collateral, except Permitted Liens. The Company shall promptly, at its own expense, take such action as may be necessary to duly discharge (by bonding or otherwise) any such Lien other than a Permitted Lien arising at any time.

Section 3.02. Maintenance, Use, Designated Location and Possession.

(a) **Maintenance.** The Company, at its own cost and expense:

(i) shall maintain, or cause to be maintained, at all times the Pledged Spare Parts in accordance with all applicable Laws issued by the FAA or any other Government Entity having jurisdiction over the Company or any such Pledged Spare Parts, including making any modifications, alterations, replacements and additions necessary therefor, and shall utilize, or cause to be utilized, the same manner and standard of maintenance with respect to each model of Spare Part included in the Pledged Spare Parts as is utilized for such model of Spare Part owned by the Company and not included in the Pledged Spare Parts;

(ii) shall maintain, or cause to be maintained, all records, logs and other materials required by the FAA or under the Act to be maintained in respect of the Pledged Spare Parts and shall not modify its record retention procedures in respect of the Pledged Spare Parts if such modification would materially diminish the value of the Pledged Spare Parts, taken as a whole;

(iii) shall maintain, or cause to be maintained, the Pledged Spare Parts in good working order and condition and shall perform all maintenance thereon necessary

for that purpose, excluding (x) Pledged Spare Parts that have become worn out or unfit for use and not reasonably repairable or that have become obsolete, (y) Pledged Spare Parts that are not required for the Company's normal operations and (z) Expendables that have been consumed or used in the Company's operations; and

(iv) shall maintain, or cause to be maintained, all Spare Parts Documents in respect of the Pledged Spare Parts in the English language.

(b) Use, Designated Location and Possession.

(i) Subject to the terms of Section 4.11 of the Indenture, the Company shall have the right, at any time and from time to time at its own cost and expense, without any release from or consent by the Collateral Agent, to deal with the Pledged Spare Parts in any manner consistent with the Company's ordinary course of business, including without limitation any of the following:

(A) to incorporate in, install on, attach or make appurtenant to, or use in, any Aircraft, Engine or Spare Part leased to or owned by the Company (whether or not subject to any Lien) any Pledged Spare Part, free from the Lien of this B Mortgage;

(B) to dismantle any Pledged Spare Part that has become worn out or obsolete or unfit for use, and to sell or dispose of any such Pledged Spare Part or any salvage resulting from such dismantling, free from the Lien of this B Mortgage; and

(C) to transfer any or all of the Pledged Spare Parts located at one or more Designated Locations to one or more other Designated Locations or to one or more locations which are not Designated Locations.

(ii) The Company shall keep the Pledged Spare Parts at one or more of the Designated Locations, except as otherwise permitted under Section 3.02(b)(i) or 3.02(c) of this B Mortgage. If and whenever the Company shall wish to add a location as a Designated Location, the Company will furnish to the Collateral Agent the following:

(A) a B Mortgage Supplement duly executed by the Company, identifying each location that is to become a Designated Location and specifically subjecting the Pledged Spare Parts at such location to the Lien of this B Mortgage;

(B) an opinion of counsel, dated the date of execution of said B Mortgage Supplement, stating that said B Mortgage Supplement has been duly filed for recording in accordance with the provisions of the Act, and either: (a) no other filing or recording is required in any other place within the United States in order to perfect the Lien of this B Mortgage on the Spare Parts held at the Designated Locations specified in such B Mortgage Supplement under the laws of

the United States, or (b) if any such other filing or recording shall be required that said filing or recording has been accomplished in such other manner and places, which shall be specified in such opinion of counsel, as are necessary to so perfect the Lien of this B Mortgage; and

(C) An Officer's Certificate stating that in the opinion of the officer executing such Officer's Certificate, all conditions precedent provided for in this B Mortgage relating to the subjection of such property to the Lien of this B Mortgage have been complied with.

(iii) Without the prior written consent of the Collateral Agent, the Company will not sell, lease or otherwise in any manner deliver, transfer or relinquish possession of any Pledged Spare Part to anyone other than the grant of the security interest to the Collateral Agent pursuant to this B Mortgage and the other Security Documents, except as permitted by the provisions of Section 4.11 of the Indenture and Sections 3.02(b) and 3.02(c) of this B Mortgage and except that, notwithstanding the foregoing, the Company shall have the right, in the ordinary course of business, (i) to transfer possession of any Pledged Spare Part to the manufacturer thereof or any other organization for testing, overhaul, repairs, maintenance, alterations or modifications or to any Person for the purpose of transport to any of the foregoing or (ii) to subject any Pledged Spare Part to a pooling, exchange, borrowing or maintenance servicing agreement or arrangement customary in the airline industry and entered into by the Company in the ordinary course of its business; provided, however, that if the Company's title to any such Pledged Spare Part shall be divested under any such agreement or arrangement, such divestiture shall be deemed to be a Sale with respect to such Pledged Spare Part subject to the provisions of Section 4.11 of the Indenture.

(iv) So long as no Event of Default shall have occurred and be continuing and subject to the other terms of this Section 3.02 and to the terms of Section 4.11 of the Indenture, the Company may enter into a lease with respect to any Pledged Spare Part to any U.S. Certificated Air Carrier that is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person (a "**Permitted Lessee**"). In the case of any such lease, the Company will include in such lease appropriate provisions which (t) make such lease expressly subject and subordinate to all of the terms of this B Mortgage, including the rights of the Collateral Agent to repossess such Pledged Spare Part and avoid such lease in the exercise of its rights to repossession of the Pledged Spare Parts under this B Mortgage, and the Company shall remain primarily liable for the performance and observance of all of the terms of this B Mortgage and all the terms and conditions of this B Mortgage and the other Transaction Documents shall remain in effect, in each case to the same extent as if such lease or transfer had not occurred; (u) require the Permitted Lessee to comply with the terms of Section 3.06; and (v) require that the Pledged Spare Parts subject thereto be used in accordance with the limitations applicable to the Company's use, possession and location of such Pledged Spare Parts provided in this

B Mortgage (including, without limitation, that such Pledged Spare Parts be kept at one or more Designated Locations), it being understood that such Permitted Lessee shall be entitled to incorporate in, install on, attach or make appurtenant to, or use in, any Aircraft or Engine leased to, or owned by, such Permitted Lessee (whether or not subject to any Lien) any Pledged Spare Part subject thereto, free from the Lien of this B Mortgage. No lease permitted under this Section shall be entered into unless (w) the Company shall provide written notice to the Collateral Agent (promptly after entering into any such lease); (x) the Company shall furnish to the Collateral Agent evidence reasonably satisfactory to the Collateral Agent that the insurance required by Section 3.06(a) remains in effect; (y) all necessary documents shall have been duly filed, registered or recorded in such public offices as may be required fully to preserve the first priority security interest (subject to Permitted Liens) of the Collateral Agent in the Pledged Spare Parts; and (z) the Company shall reimburse the Collateral Agent for all of its reasonable out-of-pocket fees and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by the Collateral Agent in connection with any such lease. Except as otherwise provided herein and without in any way relieving the Company from its primary obligation for the performance of its obligations under this B Mortgage and the Indenture (including Section 4.11 thereof), the Company may in its sole discretion permit a Permitted Lessee to exercise any or all rights which the Company would be entitled to exercise under this Section 3.02, and may cause a Permitted Lessee to perform any or all of the Company's obligations under Article III hereof, and the Collateral Agent agrees to accept actual and full performance thereof by a Permitted Lessee in lieu of performance by the Company. No pooling agreement, permitted lease or other relinquishment of possession of any Pledged Spare Part shall in any way discharge or diminish any of the Company's obligations under this B Mortgage or constitute a waiver by the Collateral Agent of any rights or remedies hereunder.

(c) Permitted Sale or Dispositions.

(i) So long as no Special Default or Event of Default has occurred and is continuing, the Company may sell, transfer or dispose of Pledged Spare Parts free from the Lien of the B Mortgage, subject to compliance with Section 4.11 of the Indenture.

(ii) No purchaser in good faith of property purporting to be transferred pursuant to this Section 3.02 shall be bound to ascertain or inquire into the authority of the Company to make any such transfer, free and clear of the Lien of this B Mortgage. Any instrument of transfer executed by the Company under this Section 3.02 shall be sufficient for the purposes of this B Mortgage and shall constitute a good and valid release, assignment and transfer of the property therein described free from the Lien of this B Mortgage.

Section 3.03. Inspection.

(a) At all reasonable times, upon at least fifteen days prior written notice to the Company, the Secured Parties and their respective authorized representatives (the

“**Inspecting Parties**”) may (not more than once every 12 months unless an Event of Default has occurred and is continuing, then such inspection right shall not be so limited) inspect the Pledged Spare Parts (including without limitation, the Spare Parts Documents) and any such Inspecting Party may make copies of such Spare Parts Documents not reasonably deemed confidential by Company or any Permitted Lessee.

(b) Any inspection of the Pledged Spare Parts hereunder shall be limited to a visual inspection and shall not include the disassembling or opening of any components of any Pledged Spare Parts, and no such inspection shall interfere with the Company’s or any Permitted Lessee’s maintenance and use of the Pledged Spare Parts.

(c) With respect to such rights of inspection, no Secured Party shall have any duty or liability to make, or any duty or liability by reason of not making, any such visit, inspection or survey.

(d) Each Inspecting Party shall bear its own expenses in connection with any such inspection (including the cost of any copies made in accordance with Section 3.03(a)) provided that all such expenses incurred while an Event of Default shall have occurred shall be paid by the Company.

Section 3.04. Indenture Obligations.

The Company agrees to perform and observe all of the agreements, covenants and obligations of the Company set forth in the Indenture, the Securities and the other Transaction Documents (it being understood that this Section 3.04 shall not restrict the ability to amend or supplement, or waive compliance with, any Transaction Document in accordance with its terms).

Section 3.05. [Intentionally Omitted.]

Section 3.06. Insurance.

(a) Obligation to Insure. The Company shall comply with, or cause to be complied with, each of the provisions of Annex B, which provisions are hereby incorporated by this reference as if set forth in full herein.

(b) Insurance for Own Account. Nothing in this Section 3.06 shall limit or prohibit (a) the Company from maintaining the policies of insurance required under Annex B with higher coverage than those specified in Annex B, or (b) the Collateral Agent or any other Additional Insured from obtaining insurance for its own account (and any proceeds payable under such separate insurance shall be payable as provided in the policy relating thereto); provided, however, that no insurance may be obtained or maintained that would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by the Company pursuant to this Section 3.06 and Annex B.

(c) Indemnification by Government in Lieu of Insurance. The Collateral Agent agrees to accept, in lieu of insurance against any risk with respect to any Pledged Spare

Part described in Annex B, indemnification from, or insurance provided by, the U.S. Government, or upon the written consent of the Collateral Agent, other Government Authority, against such risk in an amount that, when added to the amount of insurance (including permitted self-insurance), if any, against such risk that the Company (or any Permitted Lessee) may continue to maintain, in accordance with this Section 3.06, shall be at least equal to the amount of insurance against such risk otherwise required by this Section 3.06.

(d) Application of Insurance Proceeds. All losses will be adjusted by the Company with the insurers. As between the Company and the Collateral Agent, all insurance proceeds shall be distributed in accordance with the provisions of Annex B. At any time or from time to time after the receipt by the Collateral Agent of insurance proceeds following an Event of Loss, upon submission to the Collateral Agent of an Officer's Certificate stating that the Company has after the occurrence of such Event of Loss purchased additional Spare Parts that are located at or have been shipped by vendor(s) to a Designated Location and stating the aggregate purchase price for such additional Pledged Spare Parts, the Collateral Agent shall pay the amount of such purchase price, up to the amount of such insurance proceeds not previously disbursed pursuant to this sentence or otherwise distributed under this B Mortgage to the Company or its designee. If either the Collateral Agent or the Company receives a payment of such insurance proceeds in excess of its entitlement pursuant to this B Mortgage, it shall promptly pay such excess to the other.

(e) Application of Payments During Existence of a Special Default or Event of Default. Any amount described in this Section 3.06 that is payable or creditable to, or retainable by, the Company shall not be paid or credited to, or retained by, the Company if at the time such payment, credit or retention would otherwise occur a Special Default or Event of Default shall have occurred and be continuing, but shall instead be held by or paid over to the Collateral Agent as security for the obligations of the Company under the Transaction Documents and shall be invested pursuant to Section 7.08 hereof. At such time as there shall not be continuing any Special Default or Event of Default, such amount and any gains thereon shall be paid to the Company to the extent not previously applied in accordance with this B Mortgage or the other Transaction Documents.

Section 3.07. Filings; Change of Office

(a) The Company, at its sole cost and expense, will cause the FAA Filed Documents with respect to the Pledged Spare Parts, the Financing Statements with respect to the Pledged Spare Parts, and all continuation statements (and any amendments necessitated by any combination, consolidation or merger of the Company, any conveyance, transfer or lease of all or substantially all of the assets of the Company, or any change of the Company's location) in respect of such Financing Statements, to be prepared and duly and timely filed and recorded, or filed for recordation, to the extent permitted under the Act (with respect to such FAA Filed Documents) or the UCC.

(b) The Company will give the Collateral Agent timely written notice (but in any event within 30 days prior to the expiration of the period of time specified under applicable

law to prevent lapse of perfection) of any change of (x) its "location" (as such term is used in Section 9-307 of the UCC) from its then present location or (y) its legal name, and will promptly take any action required by Section 3.07(a) as a result of such relocation or change of its legal name.

ARTICLE IV

REMEDIES

Section 4.01. Remedies. If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Collateral Agent may exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Article IV and shall have and may exercise all of the rights and remedies of a secured party under the UCC and may take possession of all or any part of the properties covered or intended to be covered by the Lien created hereby or pursuant hereto and may exclude the Company and all persons claiming under it wholly or partly therefrom and may sell the Collateral as a whole or in part from time to time; provided, that the Collateral Agent shall give the Company twenty days' prior written notice of its intention to sell any Collateral. Without limiting any of the foregoing, it is understood and agreed that the Collateral Agent may exercise any right of sale, lease or other disposition of any Collateral available to it, even though it shall not have taken possession of such Collateral and shall not have possession thereof at the time of such sale, may pursue all or part of the Collateral wherever it may be found and may enter any of the premises of the Company wherever the Collateral may be or is supposed to be and search for the Collateral and take possession of and remove the Collateral.

Section 4.02. Return of Collateral, Etc.

(a) If an Event of Default shall have occurred and be continuing and the unpaid Accreted Principal on any Security, together with interest accrued thereon, have become due and payable in accordance with Section 6.02 of the Indenture, at the request of the Collateral Agent, the Company shall assemble the Collateral and make it available to the Collateral Agent at the Designated Locations and shall promptly execute and deliver to the Collateral Agent such instruments of title and other documents as the Collateral Agent may deem necessary or advisable to enable the Collateral Agent or an agent or representative designated by the Collateral Agent, at such time or times and place or places as the Collateral Agent may specify, to obtain possession of all or any part of the Collateral to which the Collateral Agent shall at the time be entitled hereunder. If the Company shall for any reason fail to execute and deliver such instruments and documents after such request by the Collateral Agent, the Collateral Agent may (i) obtain a judgment conferring on the Collateral Agent the right to immediate possession and requiring the Company to execute and deliver such instruments and documents to the Collateral Agent, to the entry of which judgment the Company hereby specifically consents to the fullest extent permitted by Law and (ii) pursue all or part of such Collateral wherever it may be found and may enter any of the premises of the Company wherever such Collateral may be or is supposed to be and search for such Collateral and take possession of and remove such Collateral.

All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this B Mortgage.

(b) Upon every such taking of possession, the Collateral Agent may, from time to time, at the expense of the Company, make all such expenditures for maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modifications or alterations to and of the Collateral, as it may deem proper. In each such case, the Collateral Agent shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Collateral and to exercise all rights and powers of the Company relating to the Collateral, as the Collateral Agent shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modification or alteration of the Collateral or any part thereof as the Collateral Agent may determine, and the Collateral Agent shall be entitled to collect and receive directly all rents, revenues and other proceeds of the Collateral and every part thereof, without prejudice, however, to the right of the Collateral Agent under any provision of this B Mortgage to collect and receive all cash held by, or required to be deposited with, the Collateral Agent hereunder. Such rents, revenues and other proceeds shall be applied to pay the expenses of the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, improvement, modification or alteration of the Collateral and of conducting the business thereof, and to make all payments which the Collateral Agent may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Company), and all other payments which the Collateral Agent may be required or authorized to make under any provision of this B Mortgage, as well as just and reasonable compensation for the services of the Collateral Agent, and of all persons properly engaged and employed by the Collateral Agent with respect hereto.

(c) To the extent permitted by applicable Law, the Collateral Agent and each other Secured Party may be a purchaser of the Collateral or any part thereof or any interest therein at any such sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Collateral Agent or any other Secured Party, upon any such purchase, shall acquire good title to the property so purchased, to the extent permitted by applicable Law, free of the Company's rights of redemption. The Holders, or the Collateral Agent on their behalf, shall be entitled, at any sale or similar disposition of Collateral pursuant to the exercise of remedies, to credit against any purchase price bid at such sale by such Holder all or any part of the unpaid Obligations owing to such Holders.

(d) Upon any sale of the Collateral or any part thereof or interest therein pursuant hereto, whether pursuant to foreclosure or power of sale or otherwise, the receipt of the official making the sale by judicial proceeding or of the Collateral Agent shall be sufficient discharge to the purchaser for the purchase money and neither such official nor such purchaser shall be obligated to see to the application thereof.

(e) Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall be a perpetual bar against the Company, after the expiration of the period, if any, during which such Person shall have the benefit of redemption laws which may not be waived as provided above.

(f) Any sale or other conveyance of any Collateral or any interest therein by the Collateral Agent made pursuant to the terms of this B Mortgage shall bind the Company and the Secured Parties and shall be effective to transfer or convey all right, title and interest of the Collateral Agent, the Company and the other Secured Parties in and to such Collateral. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Collateral Agent.

Section 4.03. Remedies Cumulative. Each and every right, power and remedy given to the Collateral Agent specifically or otherwise in this B Mortgage shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at Law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Collateral Agent, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Collateral Agent in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Company or to be an acquiescence therein.

Section 4.04. Discontinuance of Proceedings. In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this B Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the Company and the Collateral Agent shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Company or the Collateral Agent shall continue as if no such proceedings had been instituted.

Section 4.05. Appointment of Receiver. The Collateral Agent shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Collateral Agent or any successor or nominee thereof) for all or any part of the Collateral after the occurrence and during the continuance of an Event of Default, whether such receivership be incidental to a proposed sale of the Collateral or the taking of possession thereof or otherwise, and the Company hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers of the Collateral Agent with respect to the Collateral.

Section 4.06. The Collateral Agent Authorized to Execute Bills of Sale, Etc. The Company irrevocably appoints, while an Event of Default has occurred and is continuing, the

Collateral Agent the true and lawful attorney-in-fact of the Company (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this B Mortgage, whether pursuant to foreclosure or power of sale, assignments and other instruments as may be necessary or appropriate or entering into any agreement described in Section 4.02(b), with full power of substitution, the Company hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law. Nevertheless, if so requested by the Collateral Agent or any purchaser, the Company shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Collateral Agent or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

ARTICLE V

RECEIPT, DISTRIBUTION AND APPLICATION OF PAYMENTS

Section 5.01. Payments Prior to Event of Default. Subject to Section 5.02, if the Collateral Agent shall receive any payment of principal (including, for this purpose, Accreted Principal) or interest on the Securities, it shall distribute such funds to the Paying Agent for payment to the Holders entitled thereto in accordance with the terms of the Indenture and the Securities.

Section 5.02. Payments After Event of Default. Except as otherwise provided in Section 5.03 hereof, all payments received from the Company or otherwise on account of the Secured Obligations and amounts held or realized by the Collateral Agent (including any amounts realized by the Collateral Agent from the exercise of any remedies pursuant to Article IV hereof), in each case after an Event of Default shall have occurred and be continuing, as well as all payments or amounts then held by the Collateral Agent as part of the Collateral, shall be applied in accordance with Section 6.10 of the Indenture; provided that, notwithstanding the provisions of Section 6.10 of the Indenture, after an Event of Default shall have occurred and be continuing and the Maturity of the Securities has been accelerated pursuant to Section 6.02 of the Indenture, such payments or amounts then held by the Collateral Agent as part of the Collateral shall be applied as follows under clause "Second" of Section 6.10 of the Indenture: Second: (i) first, to Holders for amounts due and unpaid on the Securities for all interest (including all interest on any applicable amounts accruing at the Post-Acceleration Rate) ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for interest and (ii) second, any remaining amounts to Holders for amounts due and unpaid on the Securities for Accreted Principal ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for Accreted Principal.

Section 5.03. Certain Payments.

(a) Any payments received by the Collateral Agent for which no provision as to the application thereof is made in this B Mortgage and for which such provision is made in the Indenture or any other Transaction Document shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Indenture or such other Transaction Document, as the case may be.

(b) Notwithstanding anything to the contrary contained in this Article V, the Collateral Agent will distribute promptly upon receipt by it of any indemnity payment from the Company directly to the Person entitled thereto.

ARTICLE VI

DUTIES OF THE COLLATERAL AGENT

Section 6.01. Notice of Event of Default; Action Upon Event of Default. If the Collateral Agent has knowledge of an Event of Default, the Collateral Agent shall promptly give notice of such Event of Default to the Secured Parties and to the Company. The Collateral Agent shall take such action, or refrain from taking such action, with respect to such Event of Default (including with respect to the exercise of any rights or remedies hereunder), only as the Trustee shall instruct the Collateral Agent in writing. For all purposes of this B Mortgage, in the absence of knowledge by a Responsible Officer, the Collateral Agent shall not be deemed to have knowledge of a Default, an Event of Default or an Event of Loss unless notified in writing by the Company or any Secured Party.

Section 6.02. Action Upon Instructions. Subject to the terms of this Article VI, upon the written instructions at any time of the Trustee, the Collateral Agent shall promptly (i) give such notice, direction, consent, waiver or approval, or exercise such right, remedy or power hereunder in respect of all or any part of the Collateral, or (ii) take such other action in accordance with the terms hereof, the Indenture and the other Transaction Documents as shall be specified in such instruction. The Collateral Agent will execute such continuation statements with respect to Financing Statements relating to the security interest created hereunder in the Collateral as the Trustee may specify from time to time in written instructions, which instructions shall be accompanied by the form of continuation statement to be executed by the Collateral Agent, such continuation statement to be filed by either the Collateral Agent or the Company. The Collateral Agent shall not be liable to the Company with respect to any action taken or omitted to be taken by it hereunder, except for any actions or omissions constituting the gross negligence or willful misconduct of the Collateral Agent.

Section 6.03. Indemnification. The Collateral Agent shall not be required to take any action or refrain from taking any action under Section 6.01 (other than the first sentence thereof), Section 6.02 or Article IV or to take any action or refrain from taking any action at the direction or instructions of the Trustee under any other Section hereof, the Indenture or under any other Transaction Document unless it shall have received indemnification against any risks or costs incurred in connection therewith in form and substance reasonably satisfactory to it, including, without limitation, adequate advances against costs which may be incurred by it in connection therewith.

Section 6.04. No Duties Except as Specified in B Mortgage or Instructions. The Collateral Agent shall not have any duty or obligation to manage, control, lease, use, sell, operate, store, dispose of or otherwise deal with any of the Collateral, or to otherwise take or refrain from taking any action under, or in connection with, this B Mortgage, except as expressly provided by the terms of this B Mortgage or as expressly provided in written instructions received pursuant to the terms of Section 6.01 or 6.02; and no implied duties or obligations shall be read into this B Mortgage, the Indenture or the other Transaction Documents against the Collateral Agent. The Collateral Agent agrees that it will in its individual capacity and at its own costs and expense (but without any right of indemnity in respect of any such cost or expense under Section 6.08 hereof), promptly take such action as may be necessary duly to discharge all liens and encumbrances on any part of the Collateral which result from claims against it in its individual capacity not related to the administration of the Collateral or any other transaction pursuant to this B Mortgage or any document included in the Collateral.

Section 6.05. No Action Except Under B Mortgage or Instructions. The Collateral Agent agrees that it will not manage, control, use, sell, lease, operate, store, dispose of or otherwise deal with any Pledged Spare Parts or other property constituting part of the Collateral except in accordance with the powers granted to, or the authority conferred upon, the Collateral Agent pursuant to this B Mortgage, the Indenture and the other Transaction Documents and in accordance with the express terms hereof and thereof.

Section 6.06. Reports, Notices, Etc. The Collateral Agent will furnish to the other Secured Parties, promptly upon receipt thereof, duplicates or copies of all reports, opinions, notices, requests, demands, certificates, financial statements and other instruments furnished to the Collateral Agent, to the extent that the same shall not have been otherwise furnished to the other Secured Parties pursuant to this B Mortgage, the Indenture or any other Transaction Document; provided, the failure of the Collateral Agent to furnish the other Secured Parties with such duplicates or copies shall not impair or affect the validity of any such report, opinion, notice, request, demand, certificate, financial statement or other instrument. The Collateral Agent's sole responsibility with respect to such reports, opinions, notices, requests, demands, certificates, financial statements and other instruments shall be to furnish them to the other Secured Parties to the extent provided in this Section.

Section 6.07. No Charges. The Collateral Agent agrees that it will not impose any lifting charge, cable charge, remittance charge or any other charge or fee on any transfer by the Company of funds to, through or by the Collateral Agent pursuant to the Indenture or any other Transaction Document, except as may be otherwise agreed in writing by the Company.

Section 6.08. Scope of Indemnification. The Collateral Agent shall be indemnified by the Company to the extent and in the manner provided in Section 6 of the Underwriting Agreement.

ARTICLE VII

THE COLLATERAL AGENT

Section 7.01. Acceptance of Duties. The Collateral Agent accepts the duties created pursuant to Article VI of this B Mortgage. The Collateral Agent shall have no liability hereunder, under the Indenture or under any other Transaction Document except as provided in Article VI of this B Mortgage.

Section 7.02. Absence of Duties. Except in accordance with written instructions, requests or consents furnished pursuant to Sections 6.01, 6.02 or 9.01 and except as provided in, and without limiting the generality of, Section 6.04, the Collateral Agent shall have no duty (a) to see to any recording or filing of this B Mortgage or any other document, or to see to the maintenance of any such recording or filing, (b) to see to any insurance on any of the Pledged Spare Parts or to effect or maintain any such insurance, whether or not the Company shall be in default with respect thereto, (c) to confirm, verify or inquire into the failure to receive any financial statements of the Company, (d) to inspect any of the Pledged Spare Parts at any time or ascertain or inquire as to the performance or observance of any of the Company's covenants under this B Mortgage with respect to any of the Pledged Spare Parts or (e) to give any consent, make any election or determination or exercise any discretion, it being understood that, except as otherwise expressly provided herein, the duties of the Collateral Agent hereunder, under the Indenture and under any other Transaction Document shall be wholly ministerial in nature.

Section 7.03. No Representations or Warranties as to any Pledged Spare Parts or Documents. The Collateral Agent shall not be deemed to have made any representation or warranty as to the validity, legality or enforceability of this B Mortgage, the Indenture, the Securities, any B Mortgage Supplement, any other Transaction Document or any other document or instrument, or as to the correctness of any statement (other than a statement by the Collateral Agent) contained herein or therein.

Section 7.04. No Segregation of Moneys; No Interest. Subject to Section 7.08, no moneys received by the Collateral Agent hereunder need be segregated in any manner except to the extent required by law, and any such moneys may be deposited under such general conditions for the holding of trust funds as may be prescribed by law applicable to the Collateral Agent, and, except as otherwise provided herein or as agreed in writing by the Collateral Agent, the Collateral Agent shall not be liable for any interest thereon; provided that any payments received or applied hereunder by the Collateral Agent shall be accounted for by the Collateral Agent so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

Section 7.05. Reliance; Advice of Counsel. The Collateral Agent shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by the Collateral Agent to be genuine and reasonably believed by it to be signed by the proper party or parties as provided in Section 7.02 of the Indenture.

Section 7.06. Capacity in Which Acting. The Collateral Agent has entered into this B Mortgage in its capacity as agent for the other Secured Parties. In performing its functions and duties hereunder, the Collateral Agent shall act solely as an agent of the other Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Company or any of its successors and assigns.

Section 7.07. Compensation and Reimbursement. The Company agrees:

(a) to pay to the Collateral Agent from time to time reasonable compensation for all services rendered by it hereunder, under the Indenture or under any other Transaction Document as separately agreed between them; and

(b) except as otherwise expressly provided herein, to reimburse the Collateral Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Collateral Agent in accordance with any provision of this B Mortgage, the Indenture or any other Transaction Document (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence or bad faith; provided that, the Collateral Agent agrees that it shall have no rights against the Holders for any fee as compensation for its services as collateral agent under this B Mortgage.

Section 7.08. Investment of Security Funds. Any monies paid to or received by the Collateral Agent which are required to be paid to the Company or applied for the benefit of the Company, but which the Collateral Agent is entitled to hold under the terms hereof pending the occurrence of some event or the performance of some act (including, without limitation, the remedying of a Special Default or an Event of Default), shall, until paid to the Company or applied as provided herein, be invested by the Collateral Agent at the written authorization and direction of the Company (except when a Special Default or an Event of Default has occurred and is continuing or when the Company fails to give the Collateral Agent such written authorization and direction, during which time the Collateral Agent shall invest such funds in accordance with its automated cash investment system) from time to time at the sole expense and risk of the Company in Investment Securities. All Investment Securities held by the Collateral Agent shall either be (a) registered in the name of, payable to the order of, or specially endorsed to, the Collateral Agent or (b) held in an Eligible Account. There shall be remitted to the Company any gain (including interest received) realized as the result of any such investment (net of any fees, commissions, other expenses or losses, if any, incurred in connection with such investment) unless a Special Default or an Event of Default shall have occurred and be continuing. The Collateral Agent shall not be liable for any loss relating to any Investment Security made pursuant to this Section 7.08. The Company will promptly pay to the Collateral Agent, on demand, the amount of any loss (net of any gains, including interest received) realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment).

ARTICLE VIII**SUPPLEMENTS AND AMENDMENTS TO THIS MORTGAGE AND OTHER DOCUMENTS**

Section 8.01. Amendments. Except as set forth in Section 8.02, no amendment or modification hereof shall be effective unless signed by the Company and the Collateral Agent (at the written direction of the Trustee).

Section 8.02. No Request Necessary for a B Mortgage Supplement. No written request or consent of the Holders or the Trustee shall be required to enable the Collateral Agent to execute and deliver a B Mortgage Supplement specifically required by the terms hereof, the Indenture or any other Transaction Document.

ARTICLE IX**MISCELLANEOUS**

Section 9.01. Termination of B Mortgage. Upon (or at any time after) payment in full of the Secured Obligations (provided that no Default or Event of Default shall have occurred and be continuing), then upon request of the Company, the Collateral Agent shall execute and deliver to or as directed in writing by the Company an appropriate instrument furnished to it by the Company releasing the Pledged Spare Parts and all other Collateral from the Lien of the B Mortgage and, in such event, this B Mortgage shall terminate and be of no further force or effect; provided that, this B Mortgage and the Lien created hereby shall earlier terminate and this B Mortgage shall be of no further force or effect upon any sale or other final disposition by the Collateral Agent of all property constituting part of the Collateral and the final distribution by the Collateral Agent of all monies or other property or proceeds constituting part of the Collateral in accordance with the terms hereof. In connection with any release of the Collateral pursuant to the first sentence of this Section 9.01, the Collateral Agent shall, at the Company's expense, procure the discharge of the Lien granted under this B Mortgage in the Pledged Spare Parts. Except as aforesaid otherwise provided and as provided elsewhere herein, this B Mortgage and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

Section 9.02. [Intentionally Omitted.]

Section 9.03. No Legal Title to Collateral in Secured Parties. No Secured Party shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of a Security or other right, title and interest of any Secured Party in and to the Collateral or hereunder shall operate to terminate this B Mortgage or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Collateral.

Section 9.04. Sale of Collateral by Collateral Agent Is Binding. Any sale or other conveyance of the Collateral, or any part thereof (including any part thereof or interest therein), by the Collateral Agent made pursuant to the terms of this B Mortgage shall bind the Secured Parties and shall be effective to transfer or convey all right, title and interest of the Collateral

Agent, the Company, and the other Secured Parties in and to such Collateral or part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Collateral Agent.

Section 9.05. B Mortgage for Benefit of the Company, Collateral Agent and Secured Parties. Nothing in this B Mortgage, whether express or implied, shall be construed to give any Person other than the Company, the Collateral Agent and the other Secured Parties any legal or equitable right, remedy or claim under or in respect of this B Mortgage, except that the Persons referred to in the last paragraph of Section 3.02(b) shall be third party beneficiaries of such paragraph.

Section 9.06. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers or documents provided or permitted by this B Mortgage to be made, given, furnished or filed shall be in writing in the English language, personally delivered, sent by recognized overnight carrier or mailed by certified mail, postage prepaid, or by facsimile, and (i) if to the Company, addressed to it at 77 W. Wacker Drive, Chicago, Illinois 60601, Attention: Vice President and Treasurer, facsimile: (312) 997-8333 or (ii) if to the Collateral Agent or the Trustee, addressed to it at its office 299 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services, facsimile number (801) 246-5053. Whenever any notice in writing is required to be given by the Company or the Collateral Agent to the other of them, such notice shall be deemed given and such requirement satisfied when such notice is received at such address. Any of the foregoing Persons may change the address or telefax number to which notices to such party will be sent by giving notice of such change to the other Persons.

Section 9.07. Severability. Any provision of this B Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, to the fullest extent permitted by law. Any such prohibition or unenforceability in any particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, to the fullest extent permitted by law.

Section 9.08. No Oral Modification or Continuing Waivers. No term or provision of this B Mortgage may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Company and the Collateral Agent. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 9.09. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, each of the parties hereto, the other Secured Parties and the permitted successors and assigns of each, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any Secured Party shall bind the successors and assigns of such Secured Party.

Section 9.10. Headings. The headings of the various Articles and sections herein and in the table of contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 9.11. Governing Law; Submission to Jurisdiction; Venue.

(a) THIS B MORTGAGE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY. Any legal action or proceeding with respect to this B Mortgage may be brought in the courts of the State of New York or the United States for the Southern District of New York located in the Borough of Manhattan, and, by execution and delivery of this B Mortgage, each party hereto hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. Each party hereto hereby further irrevocably waives any claim that any such courts lack jurisdiction over such party, and agrees not to plead or claim, in any legal action or proceeding with respect to this B Mortgage brought in any of the aforesaid courts, that any such court lacks jurisdiction over such party. Each party hereto further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address specified pursuant to Section 9.06, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of either party hereto to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any other party hereto in any other jurisdiction.

(b) Each party hereto hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this B Mortgage brought in the courts referred to in clause (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 9.12. Waiver of Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, OR IN CONNECTION WITH, THIS B MORTGAGE OR ANY MATTER ARISING HEREUNDER.

Section 9.13. Counterparts. This B Mortgage may be executed by the parties hereto in separate counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this B Mortgage to be duly executed by their respective officers thereof duly authorized as of the day and year first above written.

UNITED AIR LINES, INC.

By: /s/ Stephen R. Lieberman
Name: Stephen R. Lieberman
Title: Vice President and Treasurer

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ David Wall
Name: David Wall
Title: Assistant Vice President

ANNEX A

DEFINED TERMS

“**Act**” means part A of subtitle VII of title 49, United States Code.

“**Additional Insured**” is defined in Section C(i) of Annex B.

“**Aircraft**” means any contrivance invented, used, or designed to navigate or fly in, the air.

“**B Mortgage**” means this B Mortgage and Security Agreement.

“**B Mortgage Supplement**” means a B Mortgage Supplement, substantially in the form of Exhibit A to this B Mortgage, with appropriate modifications to reflect the purpose for which it is being used.

“**Default**” means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

“**Debt Balance**” is defined in Section B of Annex B.

“**Designated Locations**” means any of the locations in the U.S. described in the initial B Mortgage Supplement and any subsequent B Mortgage Supplement (meeting the requirements of Section 3.02(b)) at which Spare Parts are held by or on behalf of the Company.

“**Eligible Account**” means an account established by and with an Eligible Institution at the request of the Collateral Agent, which institution agrees, for all purposes of the UCC including Article 8 thereof, that (a) such account shall be a “securities account” (as defined in Section 8-501 of the UCC), (b) such institution is a “securities intermediary” (as defined in Section 8-102(a)(14) of the UCC), (c) all property (other than cash) credited to such account shall be treated as a “financial asset” (as defined in Section 8-102(9) of the UCC), (d) the Collateral Agent shall be the “entitlement holder” (as defined in Section 8-102(7) of the UCC) in respect of such account, (e) it will comply with all entitlement orders issued by the Collateral Agent to the exclusion of the Company, (f) it will waive or subordinate in favor of the Collateral Agent all claims (including, without limitation, claims by way of security interest, lien or right of set-off or right of recoupment) and (g) the “securities intermediary jurisdiction” (under Section 8-110(e) of the UCC) shall be the State of New York.

“**Eligible Institution**” means the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating from Moody’s of at least A3 or its equivalent and from S&P of at least A- or its equivalent.

“**Engine**” means an engine used, or intended to be used, to propel an Aircraft.

“**Event of Default**” has the meaning set forth in Section 6.01 of the Indenture.

“**Event of Loss**” means, with respect to any Pledged Spare Part, any of the following circumstances, conditions or events with respect to such Pledged Spare Part, for any reason whatsoever:

- (a) the loss of such Pledged Spare Part or of the use thereof due to the destruction of such Pledged Spare Part, damage to such Pledged Spare Part beyond economic repair or rendition of such Pledged Spare Part permanently unfit for normal use by Company;
- (b) the actual or constructive total loss of such Pledged Spare Part or any damage to such Pledged Spare Part, which results in an insurance settlement with respect to such Pledged Spare Part on the basis of a total loss or constructive or compromised total loss;
- (c) any theft or disappearance of such Pledged Spare Part for a period of 180 consecutive days or more; and
- (d) any seizure, condemnation, confiscation, taking or requisition (including loss of title) of such Pledged Spare Part by any Government Entity or purported Government Entity (other than a requisition of use by the U.S. Government) for a period exceeding 6 consecutive months.

“**Expendables**” means Pledged Spare Parts, other than Rotables and Repairables.

“**FAA**” means the Federal Aviation Administration of the United States or any Government Authority succeeding to the functions of such Federal Aviation Administration.

“**FAA Filed Documents**” means the B Mortgage and any B Mortgage Supplement thereto.

“**FAA Regulations**” means the Federal Aviation Regulations issued or promulgated pursuant to the Act from time to time.

“**Government Entity**” means (a) any federal, state, provincial or similar government, and any body, board, department, commission, court, tribunal, authority, agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (b) any other government entity having jurisdiction over any matter contemplated by the Transaction Documents or relating to the observance or performance of the obligations of any of the parties to the Transaction Documents.

“**Investment Security**” means (a) any bond, note or other obligation which is a direct obligation of or guaranteed by the U.S. or any agency thereof; (b) any obligation which is a direct obligation of or guaranteed by any state of the U.S. or any subdivision thereof or any

agency of any such state or subdivision, and which has the highest rating published by Moody's or S&P; (c) any commercial paper issued by a U.S. obligor and rated at least P-1 by Moody's or A-1 by S&P; (d) any money market investment instrument relying upon the credit and backing of any bank or trust company which is a member of the Federal Reserve System and which has a combined capital (including capital reserves to the extent not included in capital) and surplus and undivided profits of not less than \$250,000,000 (including the Collateral Agent and its Affiliates if such requirements as to Federal Reserve System membership and combined capital and surplus and undivided profits are satisfied), including, without limitation, certificates of deposit, time and other interest-bearing deposits, bankers' acceptances, commercial paper, loan and mortgage participation certificates and documented discount notes accompanied by irrevocable letters of credit and money market fund investing solely in securities backed by the full faith and credit of the United States; or (e) repurchase agreements collateralized by any of the foregoing.

"Indenture" means the "Indenture" as described in the first WHEREAS clause to this B Mortgage.

"Law" means (a) any constitution, treaty, statute, law, decree, regulation, order, rule or directive of any Government Entity, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

"Lien" means any mortgage, lien, pledge, charge, claim, encumbrance, lease or other security interest or any preferential arrangement that has the practical effect of creating a security interest.

"Paying Agent" has the meaning assigned thereto in Section 2.03 of the Indenture.

"Permitted Lease" is a lease permitted under Section 3.02(b)(iv) hereof.

"Permitted Lessee" has the meaning set forth in Section 3.02(b)(iv) hereof.

"Permitted Liens" means, with respect to any Pledged Spare Part, (a) the rights of the Collateral Agent under the Transaction Documents, or of any Permitted Lessee under any Permitted Lease; (b) Liens attributable to the Collateral Agent; (c) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 3.02(b); (d) Liens of Taxes of the Company (and its U.S. federal tax law consolidated group) or which are assessed with respect to or against any Pledged Spare Part, either not yet delinquent or being contested in good faith by appropriate proceedings so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of the Pledged Spare Parts or the interest of Collateral Agent therein or impair the Lien of the B Mortgage; (e) materialmen's, mechanics', workers', repairers', employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent for more than 60 days or is being contested in good faith by appropriate proceedings, so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of the Pledged Spare Parts or the interest of Collateral Agent therein or impair the Lien of the B Mortgage; (f) Liens arising out of any judgment or award against the Company (or any Permitted Lessee), so long as such judgment shall, within 60 days after the entry thereof, have been discharged or vacated, or

execution thereof stayed pending appeal or shall have been discharged, vacated or reversed within 60 days after the expiration of such stay, and so long as during any such 60 day period there is not, or any such judgment or award does not involve, any material risk of the sale, forfeiture or loss of the Pledged Spare Parts or the interest of Collateral Agent therein or impair the Lien of the Mortgage; (g) salvage or similar rights of insurers under policies required to be maintained by Company under Section 3.06 of the B Mortgage; and (h) any other Lien with respect to which the Company (or any Permitted Lessee) shall have provided a bond, cash collateral or other security adequate in the reasonable opinion of Collateral Agent.

“**Pledged Agreement**” means each contract, agreement or instrument included in the Collateral.

“**Pledged Spare Parts**” has the meaning set forth in clause (1) of the Granting Clauses of this B Mortgage.

“**Repairable**” means a Pledged Spare Part that can be economically restored to a serviceable condition, but has a life that is materially shorter than the life of the flight equipment to which it relates (for the avoidance of doubt, a Repairable cannot be a Rotable and vice versa).

“**Rotable**” means a Pledged Spare Part that wears over time and can be repeatedly restored to a serviceable condition over a period approximating the life of the flight equipment to which it relates.

“**Secured Obligations**” means the “Obligations” as defined in the Indenture.

“**Securities Account**” is defined in Section 2.16 of the Indenture.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Securities Intermediary**” is defined in Section 2.16 of the Indenture.

“**Spare Parts**” means an accessory appurtenance or part of an Aircraft (except an Engine) or Engine that is to be installed at a later time in an Aircraft or Engine.

“**Spare Parts Documents**” has the meaning set forth in clause (6) of the Granting Clause of this B Mortgage.

“**Special Default**” means the occurrence of any Default referred to in Section 6.01(i), (ii), (ix) and (x) of the Indenture.

“**Threshold Amount**” means \$2,000,000.

“**United States**” or “**U.S.**” means the United States of America; provided that for geographic purposes, “United States” means, in aggregate, the 50 States and the District of Columbia of the United States of America.

“U.S. Certificated Air Carrier” means any United States air carrier that is a Citizen of the United States holding an air carrier operating certificate issued pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

“U.S. Government” means the federal government of the United States, or any instrumentality or agency thereof the obligations of which are guaranteed by the full faith and credit of the federal government of the United States.

RULES OF CONSTRUCTION

Unless the context otherwise requires: (1) a term has the meaning assigned to it; (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP; (3) “or” is not exclusive; (4) words in the singular include the plural, and in the plural include the singular; (5) words implying any gender shall apply to all genders and (6) “including” means including without limitation.

ANNEX A

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ANNEX B
INSURANCE

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference in the B Mortgage.

A. Liability Insurance

The Company will carry or cause to be carried at all times, at no expense to any Additional Insured, third party liability insurance with respect to the Pledged Spare Parts, which is (i) of an amount and scope as may be customarily maintained by the Company for equipment similar to the Pledged Spare Parts and (ii) maintained in effect with insurers of nationally or internationally recognized responsibility (such insurers being referred to herein as “**Approved Insurers**”).

B. Property Insurance

The Company will carry or cause to be carried at all times, at no expense to any Additional Insured, with Approved Insurers insurance covering physical damage to the Pledged Spare Parts providing for the reimbursement of the actual expenditure incurred in repairing or replacing any damaged or destroyed Pledged Spare Part or, if not repaired or replaced, for the payment of the amount it would cost to repair or replace such Pledged Spare Part, on the date of loss, with proper deduction for obsolescence and physical depreciation. The Collateral Agent shall be named as a loss payee as its interests may appear.

Any policies of insurance carried in accordance with this Annex B covering the Pledged Spare Parts and any policies taken out in substitution or replacement for any such policies shall provide that (A) all insurance proceeds up to 110% of the outstanding Accreted Principal (the “**Debt Balance**”) paid under such policies as a result of the occurrence of an Event of Loss with respect to any Pledged Spare Part involving proceeds in excess of the Threshold Amount will be paid to the Collateral Agent, it being agreed that the Collateral Agent shall pay the amount of such proceeds to the Company or its order to the extent required under Section 3.06(d) and (B) the entire amount of any insurance proceeds not involving an Event of Loss with respect to any Pledged Spare Parts or involving proceeds of the Threshold Amount or less and the amount of insurance proceeds in excess of the Debt Balance shall be paid to the Company or its order; provided that if a Special Default or an Event of Default shall have occurred and be continuing and the insurers have been notified thereof by the Collateral Agent or the Trustee, the amount of any proceeds of any loss with respect to the Pledged Spare Parts shall be paid to the Collateral Agent.

C. General Provisions

Any policies of insurance carried in accordance with Sections A and B, including any policies taken out in substitution or replacement for such policies:

(i) in the case of Section A, shall name the Collateral Agent and the Trustee as an additional insured (collectively, the “**Additional Insureds**”), as their respective interests may appear;

(ii) shall provide that, in respect of the respective interests of each Additional Insured in such policies, the insurance shall not be invalidated or impaired by any action or inaction (including misrepresentation and non-disclosure) of the Company (or any Permitted Lessee) or any other Person and shall insure the respective interests of the Additional Insureds, as they appear, regardless of any breach or violation of any representation, warranty, declaration, term or condition contained in such policies by the Company (or any Permitted Lessee) or by any other Person;

(iii) shall provide that if the insurers cancel such insurance for any reason whatsoever, or if the same is allowed to lapse for non-payment of premium, or if any material change is made in the insurance which adversely affects the interest of any Additional Insured, such lapse, cancellation or change shall not be effective as to any Additional Insured for thirty days (10 days for nonpayment of premiums or cancellation by the Company) after receipt by such Additional Insured of written notice by such insurers of such lapse, cancellation or change, provided, however, that if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable;

(iv) shall waive any right of the insurers to recourse, subrogation, recoupment, set-off or counterclaim or any other deduction, whether by attachment or otherwise, against any Additional Insured;

(v) shall be primary without right of contribution from any other insurance that may be available to any Additional Insured;

(vi) shall provide that all of the liability insurance provisions thereof, except the limits of liability and agreed value, shall operate in all respects as if a separate policy had been issued covering each party insured thereunder;

(vii) shall provide that none of the Additional Insureds shall be liable for any insurance premium; and

(viii) may provide for self-insurance to the extent permitted in Section F hereof.

D. Reports and Certificates; Other Information

On or prior to the Closing Date and on or prior to each renewal date of the insurance policies required hereunder, the Company will furnish or cause to be furnished to the Collateral Agent insurance certificates describing in reasonable detail the insurance maintained by the Company hereunder and a report, signed by Aon Risk Services, Inc. of Illinois, or any other independent firm of insurance brokers which brokers may be in the regular employ of the Company or any Permitted Lessee (the “**Insurance Broker**”), describing in reasonable detail the

ANNEX B

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property and liability insurance then carried and maintained with respect to the Pledged Spare Parts and stating the opinion of such firm that such insurance complies with the requirements of this Annex B; provided, however, that such opinion shall not be required if the then Insurance Broker generally does not provide such an opinion or will provide such an opinion only for material additional cost. The Company will cause the Insurance Broker to agree to advise the Collateral Agent in writing of any act or omission on the part of the Company of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on the Pledged Spare Parts or cause the cancellation, termination or interruption of such insurance and to advise such Persons in writing at least 30 days prior to the cancellation or material adverse change of any insurance maintained pursuant to this Annex B, provided that if the notice period specified above is not reasonably obtainable, the Insurance Broker shall provide for as long a period of prior notice as shall then be reasonably obtainable.

E. Right to Pay Premiums

The Additional Insureds shall have the rights but not the obligations of an additional named insured. None of the Collateral Agent and the other Additional Insured shall have any obligation to pay any premium, commission, assessment or call due on any such insurance (including reinsurance). Notwithstanding the foregoing, in the event of cancellation of any insurance due to the non-payment of premiums, the Collateral Agent shall have the option, in its sole discretion, to pay any such premium in respect of the Pledged Spare Parts that is due in respect of the coverage pursuant to this B Mortgage and to maintain such coverage, as the Collateral Agent may require, until the scheduled expiry date of such insurance and, in such event, the Company shall, upon demand, reimburse the Collateral Agent for amounts so paid by it.

F. Deductibles; Self-insurance

The Company may self-insure by way of deductible, premium adjustment or franchise provisions or otherwise in the insurance covering the risks required to be insured against pursuant to this Annex B in such amounts as shall be consistent with its normal practices.

ANNEX B

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EXHIBIT A**FORM OF B MORTGAGE SUPPLEMENT**

This **B MORTGAGE SUPPLEMENT NO.** , dated , 20 (herein called this “**B Mortgage Supplement**”) of **UNITED AIR LINES, INC.**, as the borrower (the “**Company**”).

WITNESSETH:

WHEREAS, the B Mortgage and Security Agreement, dated as of July 2, 2009 (the “**B Mortgage**”), between the Company and Wells Fargo Bank Northwest, National Association, as the Collateral Agent (the “**Collateral Agent**”), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Designated Locations and shall specifically mortgage the Pledged Spare Parts to the Collateral Agent; and

WHEREAS, the B Mortgage grants a Lien on, among other things, certain Spare Parts, to secure (subject to the provisions of the A Mortgage), among other things, the Secured Obligations;

[WHEREAS, the B Mortgage relates to the Spare Parts at the Designated Locations described on the attached Schedule 1, and a counterpart of the B Mortgage is attached hereto and made a part hereof and this B Mortgage Supplement, together with such counterpart of the B Mortgage, is being filed for recordation on the date hereof with the FAA as one document;]¹

WHEREAS, the Company has previously designated the locations at which the Pledged Spare Parts may be maintained by or on behalf of the Company in the B Mortgage [and in B Mortgage Supplement No.];]²

WHEREAS, the B Mortgage and the B Mortgage Supplements have been duly recorded with the FAA at Oklahoma City, Oklahoma pursuant to the Act on the following date(s) as a document or conveyance bearing the following number(s):

B Mortgage	<u>DATE OF RECORDING</u>	<u>DOCUMENT OR CONVEYANCE NO.</u>
	[-]	[-] ³
¹ To be included for B Mortgage Supplement No. 1.		
² To be included for all B Mortgage Supplements after B Mortgage Supplement No. 1.		
³ To be included for all B Mortgage Supplements after B Mortgage Supplement No. 1.		

EXHIBIT A

Page 1

NOW, THEREFORE, the Company confirms that there is hereby granted and that the B Mortgage grants, a Lien on, among other things, all Pledged Spare Parts first placed in service on or prior to October 22, 1994 (to secure (subject to the provisions of the B Mortgage), among other things, the Company's obligations to the Secured Parties) at the Designated Locations listed in Schedule 1 hereto.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, its successors and assigns, in trust for the equal and proportionate benefit and security of the Secured Parties without any preference, distinction or priority of any one Security over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, except as provided in the B Mortgage, and for the uses and purposes and subject to the terms and provisions set forth in the B Mortgage.

This B Mortgage Supplement shall be construed as supplemental to the B Mortgage and shall form a part thereof. The B Mortgage is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

THIS B MORTGAGE SUPPLEMENT IS DELIVERED IN THE STATE OF NEW YORK. THIS B MORTGAGE SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Delivery of an executed counterpart of a signature page to this B Mortgage Supplement by telecopier shall be effective as delivery of an original executed counterpart of this B Mortgage Supplement.

* * *

EXHIBIT A

Page 2

IN WITNESS WHEREOF, the Company has caused this B Mortgage Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

UNITED AIR LINES, INC.

By: _____
Name:
Title:

EXHIBIT A
Page 3

**SCHEDULE 1
to Exhibit A**

DESIGNATED LOCATIONS:

No.

Name and Address

EXHIBIT A
Page 4

**C MORTGAGE AND SECURITY
AGREEMENT**

dated as of July 2, 2009

between

UNITED AIR LINES, INC.,
the Company

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
the Collateral Agent

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C MORTGAGE AND SECURITY AGREEMENT

C MORTGAGE AND SECURITY AGREEMENT dated as of July 2, 2009 (this "**C Mortgage**"), between **UNITED AIR LINES, INC.**, a Delaware corporation (the "**Company**"), and **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, a national banking association, as Collateral Agent (the "**Collateral Agent**").

WITNESSETH:

WHEREAS, pursuant to the terms and conditions of that certain Indenture dated as of July 2, 2009 (the "**Indenture**") among the Company and Wells Fargo Bank Northwest, National Association, as the Trustee and as the Collateral Agent, the Company has issued to the Holders certain Senior Secured Notes due 2012 (the "**Securities**");

WHEREAS, the Company desires by this C Mortgage, among other things, to grant to the Collateral Agent for the benefit of the Trustee and other Secured Parties a first priority perfected security interest in the Collateral (as defined below) in accordance with the terms hereof, as security for the Securities and all other Secured Obligations; and

WHEREAS, all things necessary to make this C Mortgage the valid, binding and legal obligation of the Company for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have happened;

NOW, THEREFORE, the Company and the Collateral Agent agree as follows:

ARTICLE I

DEFINITIONS

Capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference, and shall be construed in the manner described, in Annex A hereto or Section 1.01 of the Indenture, as the case may be.

ARTICLE II

GRANT OF SECURITY INTEREST

Section 2.01. Grant of Security Interest. In order to secure the prompt payment and performance of the Secured Obligations from time to time outstanding according to their tenor and effect and to secure the performance and observance by the Company of all the agreements, covenants and provisions contained herein, in the Indenture, the Securities and each of the other Transaction Documents for the benefit of the Secured Parties, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Securities by the holders thereof, and for other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Company has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Collateral Agent, its successors and assigns, for the security and benefit of the Secured Parties, a first priority security interest in, and

mortgage lien on, all right, title and interest of the Company in, to and under the following described property, rights and privileges, whether now or hereafter acquired (which, collectively, together with all property hereafter specifically subject to the Lien of this C Mortgage by the terms hereof or any supplement hereto, are included within, and are referred to as, the “**Collateral**”), to wit:

(1) each Aircraft (including, without limitation, each Airframe and its related Engines) more particularly described in C Mortgage Supplement executed and delivered as provided herein, as the same is now and will hereafter be constituted, whether now owned by the Company or hereafter acquired, and in the case of such Engines, whether or not any such Engine shall be installed in or attached to the related Airframe or any other Airframe or airframe, together with (a) all Parts of whatever nature, which are from time to time included within the definitions of “**Airframe**” or “**Engine**”, whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations with respect to any of the foregoing (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Aircraft Documents;

(2) each Spare Engine more particularly described in any C Mortgage Supplement executed and delivered as provided herein, as the same is now and will hereafter be constituted, whether now owned by the Company or hereafter acquired, together with (a) all Parts of whatever nature, which are from time to time included within the definition of “**Spare Engine**”, whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations with respect to any of the foregoing (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Spare Engine Documents;

(3) the rights of the Company under any warranty or indemnity, express or implied, to the extent assignable, regarding title, materials, workmanship, design or patent infringement or related matters in respect of each Aircraft, Engine and Spare Engine (the “**Warranties**”);

(4) all proceeds with respect to the requisition of title to or use of each Aircraft, Airframe, Engine or Spare Engine by any Government Entity or from the sale or other disposition by the Collateral Agent of any Airframe, Engine, Spare Engine or other Collateral pursuant to the terms of this C Mortgage, and all property insurance proceeds with respect to any Airframe, Aircraft, Engine and Spare Engine, but excluding any insurance maintained by the Company and not required under Section 3.06;

(5) all rents, revenues and other proceeds collected by the Collateral Agent pursuant to Section 4.02(b) and all monies and securities from time to time

deposited or required to be deposited with the Collateral Agent by or for the account of the Company pursuant to any terms of this C Mortgage held or required to be held by the Collateral Agent hereunder, including all Eligible Accounts (including the Securities Account);

(6) all cash, Investment Securities and other financial assets held in any Eligible Account by the Collateral Agent or an Eligible Institution; all Cash Collateral; and all security entitlements with respect thereto; and

(7) all proceeds of the foregoing (but excluding any proceeds generated by the Company from the transportation of passengers, cargo or mail).

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions, so long as no Event of Default shall have occurred and be continuing,

(a) the Collateral Agent shall not (and shall not permit any of its Affiliates or any other Person claiming by, through or under it to) take or cause to be taken any action contrary to the Company's rights set forth herein and in the Indenture to the quiet enjoyment of the Airframes, Engines and Spare Engines, and to possess, use, retain and control the Airframes, Engines and Spare Engines and all revenues, income and profits derived therefrom without hindrance and (b) the Company shall have the right, to the exclusion of the Collateral Agent and the other Secured Parties, with respect to the warranties and indemnities referred to in clause (3) above, to exercise in the Company's name all rights and powers (other than to amend, modify or waive any of the warranties or indemnities contained therein, except in the exercise of the Company's reasonable business judgment) and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity under any of the warranties or indemnities.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, and its successors and assigns, in trust for the equal and proportionate benefit and security of the Secured Parties for the uses and purposes and in all cases and as to all property specified in clauses (1) through (7) inclusive above, subject to the terms and provisions set forth in this C Mortgage.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Company shall remain liable under each Pledged Agreement to perform all of the obligations assumed by it thereunder, except to the extent prohibited or excluded from doing so pursuant to the terms and provisions thereof, and the Secured Parties shall have no obligation or liability under any Pledged Agreement by reason of or arising out of the assignment hereunder, nor shall the Secured Parties be required or obligated in any manner to perform or fulfill any obligations of the Company under or pursuant to any Pledged Agreement, or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Company does hereby constitute the Collateral Agent the true and lawful attorney of the Company, irrevocably, granted for good and valuable consideration and coupled with an

interest and with full power of substitution, and with full power (in the name of the Company or otherwise) to ask for, require, demand, receive, compound and give acquittance for any and all monies and claims for monies (in each case including insurance and requisition proceeds) due and to become due under or arising out of any Pledged Agreement, and all other property which now or hereafter constitutes part of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Collateral Agent may deem to be necessary or advisable in the premises; provided that the Collateral Agent shall not exercise any such rights except upon the occurrence and during the continuance of an Event of Default.

The Company agrees that at any time and from time to time, upon the written request of the Collateral Agent, the Company will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents (including without limitation UCC continuation statements) as the Collateral Agent may reasonably deem necessary to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Collateral Agent the full benefits of the assignment hereunder and of the rights and powers herein granted.

ARTICLE III

COVENANTS OF THE COMPANY

Section 3.01. Liens. The Company will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Company's right, title and interest in and to the Collateral, except Permitted Liens. The Company shall promptly, at its own expense, take such action as may be necessary to duly discharge (by bonding or otherwise) any such Lien other than a Permitted Lien arising at any time.

Section 3.02. Possession, Operation and Use, Registration and Markings.

(a) **General.** Except as otherwise expressly provided herein, the Company shall be entitled to operate, use, locate, employ or otherwise utilize or not utilize any Aircraft, any Airframe, any Engine, any Spare Engine or any Parts in any lawful manner or place in accordance with the Company's business judgment.

(b) **Possession.** The Company, without the prior consent of Collateral Agent, shall not lease or otherwise in any manner deliver, transfer or relinquish possession of any Aircraft, any Airframe, any Engine or any Spare Engine or install any Engine, or permit any Engine to be installed, on any airframe other than an Airframe, except that the Company may, without such prior written consent of Collateral Agent:

(i) subject or permit any Permitted Lessee to subject (i) any Airframe to normal interchange agreements or (ii) any Engine or any Spare Engine to normal interchange, pooling, borrowing or similar arrangements, in each case customary in the commercial airline industry and entered into by the Company or such Permitted Lessee, as the case may be, in the ordinary course of business; provided, however, that if the

Company's title to any such Engine or Spare Engine is divested under any such agreement or arrangement, then such Engine or Spare Engine shall be deemed to have suffered an Event of Loss as of the date of such divestiture, and Company shall comply with Section 3.04(e) in respect thereof;

(ii) deliver or permit any Permitted Lessee to deliver possession of any Aircraft, any Airframe, any Engine, any Spare Engine or any Part (x) to the manufacturer thereof or to any third-party maintenance provider for testing, service, repair, maintenance or overhaul work on any Aircraft, any Airframe, any Engine, any Spare Engine or any Part, or, to the extent required or permitted by the terms hereof, for alterations or modifications in or additions to any Aircraft, any Airframe, any Engine or any Spare Engine or (y) to any Person for the purpose of transport to a Person referred to in the preceding clause (x);

(iii) install or permit any Permitted Lessee to install an Engine or Spare Engine on an airframe owned by the Company or such Permitted Lessee, as the case may be, free and clear of all Liens, except (x) Permitted Liens and those that do not apply to the Engines or the Spare Engines, and (y) the rights of third parties under normal interchange or pooling agreements and arrangements of the type that would be permitted under Section 3.02(b) (i);

(iv) install or permit any Permitted Lessee to install an Engine or Spare Engine on an airframe leased to the Company or such Permitted Lessee, or purchased by the Company or such Permitted Lessee subject to a mortgage, security agreement, conditional sale or other secured financing arrangement, but only if (x) such airframe is free and clear of all Liens, except (A) the rights of the parties to such lease, or any such secured financing arrangement, covering such airframe and (B) Liens of the type permitted by clause (iii) above and (y) the Company or Permitted Lessee, as the case may be, shall have received from the lessor, mortgagee, secured party or conditional seller, in respect of such airframe, a written agreement (which may be a copy of the lease, mortgage, security agreement, conditional sale or other agreement covering such airframe), whereby such Person agrees that it will not acquire or claim any right, title or interest in, or Lien on, such Engine or such Spare Engine by reason of such Engine or such Spare Engine being installed on such airframe at any time while such Engine or such Spare Engine is subject to the Lien of this C Mortgage;

(v) install or permit any Permitted Lessee to install an Engine or Spare Engine on an airframe owned by the Company or such Permitted Lessee, leased to the Company or such Permitted Lessee, or purchased by the Company or such Permitted Lessee subject to a conditional sale or other security agreement under circumstances where neither clause (iii) or (iv) above is applicable; provided, however, that any such installation shall be deemed an Event of Loss with respect to such Engine or Spare Engine, as the case may be, and the Company shall comply with Section 3.04(e) hereof in respect thereof;

(vi) transfer or permit any Permitted Lessee to transfer possession of any Aircraft, any Airframe, any Engine or any Spare Engine to the U.S. Government, in which event the Company shall promptly notify the Collateral Agent in writing of any such transfer of possession and, in the case of any transfer pursuant to CRAF, in such notification shall identify by name, address and telephone numbers the Contracting Office Representative or Representatives for the Military Airlift Command of the United States Air Force to whom notices must be given and to whom requests or claims must be made to the extent applicable under CRAF;

(vii) to the extent permitted by Section 3.04(c) hereof, subject any appliances, Parts or other equipment owned by the Company and removed from any Airframe, any Engine or any Spare Engine to any pooling arrangement referred to in Section 3.04(c) hereof;

(viii) enter into a charter or Wet Lease or other similar arrangement with respect to any Aircraft or any other aircraft on which any Engine or Spare Engine may be installed (which shall not be considered a transfer of possession hereunder); provided that the Company's obligations hereunder shall continue in full force and effect notwithstanding any such charter or Wet Lease or other similar arrangement;

(ix) so long as no Event of Default shall have occurred and be continuing and subject to the provisions of the immediately following paragraph, enter into a lease with respect to any Aircraft, any Airframe, any Engine or any Spare Engine with any Permitted Air Carrier that is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person (a "**Permitted Lessee**"); provided that, in the case only of a lease to a Permitted Foreign Air Carrier, (A) on the date of such lease the United States maintains diplomatic relations with the country of domicile of such Permitted Foreign Air Carrier (or, in the case of Taiwan, diplomatic relations at least as good as those in effect on the Closing Date) and (B) Company shall have furnished the Collateral Agent a favorable opinion of counsel, reasonably satisfactory to the Collateral Agent, in the country of domicile of such Permitted Foreign Air Carrier, that (v) the terms of such lease are the legal, valid and binding obligations of the parties thereto enforceable under the laws of such jurisdiction (subject to customary exceptions), (w) it is not necessary for the Collateral Agent to register or qualify to do business in such jurisdiction, if not already so registered or qualified, as a result, in whole or in part, of the proposed lease, (x) the Collateral Agent's Lien in respect of the Aircraft, Airframes, Engines or Spare Engines, as the case may be, will be recognized as a first priority (subject to Permitted Liens) security interest and enforceable in such jurisdiction (including the Collateral Agent's right to repossess such Aircraft), (y) the Laws of such jurisdiction of domicile require fair compensation by the government of such jurisdiction, payable in a currency freely convertible into Dollars, for the loss of title to the Aircraft, Airframes, Engines or Spare Engines, as the case may be, in the event of the requisition by such government of such title (unless Company shall provide insurance in the amounts required with respect to hull

insurance under this C Mortgage covering the requisition of title to the Aircraft, Airframes, Engines or Spare Engines by the government of such jurisdiction so long as the Aircraft, Airframes, Engines or Spare Engines are subject to such lease) and (z) the agreement of such Permitted Air Carrier that its rights under the lease are subject and subordinate to all the terms of this C Mortgage is enforceable against such Permitted Air Carrier under applicable law (subject to customary exceptions);

provided that (1) the rights of any Permitted Lessee or other transferee who receives possession by reason of a transfer permitted by this Section 3.02(b) (other than by a transfer of an Engine or Spare Engine which is deemed an Event of Loss) shall be subject and subordinate to, and any lease permitted by this paragraph (b) shall be expressly subject and subordinate to, all the terms of this C Mortgage, (2) the Company shall remain primarily liable for the performance of all of the terms of this C Mortgage and all the terms and conditions of this C Mortgage and the other Transaction Documents shall remain in effect, (3) the Company shall furnish to the Collateral Agent evidence reasonably satisfactory to the Collateral Agent that the insurance required pursuant to Section 3.06 remains in effect and such Permitted Lease shall require such insurance to remain in effect throughout the term thereof; (4) all necessary documents shall have been duly filed, registered or recorded in such public offices as may be required fully to preserve the first priority security interest (subject to Permitted Liens) and International Interest of the Collateral Agent in the Aircraft, Airframes, Engines or Spare Engines, as the case may be; (5) the Company shall reimburse the Collateral Agent for all of its reasonable out-of-pocket fees and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by the Collateral Agent in connection with any such lease; and (6) the Company shall ensure that no lease or transfer of possession otherwise in compliance with this Section 3.02(b) shall permit any action not permitted to the Company hereunder. Except as otherwise provided herein and without in any way relieving the Company from its primary obligation for the performance of its obligations under this C Mortgage, the Company may in its sole discretion permit a Permitted Lessee (but not a sublessee) to exercise any or all rights which the Company would be entitled to exercise under Sections 3.02 and 3.04, and may cause a Permitted Lessee (but not a sublessee) to perform any or all of the Company's obligations under Article III hereof, and the Collateral Agent agrees to accept actual and full performance thereof by a Permitted Lessee (but not a sublessee) in lieu of performance by the Company. The Company shall promptly, but not later than 10 Business Days after entering into such Permitted Lease, notify the Collateral Agent of the existence of such Permitted Lease with a term in excess of one year and provide a copy of such lease to the Collateral Agent.

No pooling agreement, Permitted Lease or other relinquishment of possession of any Airframe, any Engine or any Spare Engine shall in any way discharge or diminish any of the Company's obligations to the Collateral Agent under this C Mortgage or constitute a waiver or forbearance of Collateral Agent's rights or remedies hereunder.

The Collateral Agent agrees, and each Holder by acceptance of a Security agrees, for the benefit of the Company (and any Permitted Lessee) and for the benefit of any mortgagee or other holder of a security interest in any engine (other than an Engine or Spare Engine) owned by the Company (or any Permitted Lessee), any lessor of any engine (other than an Engine or Spare

Engine) leased to the Company (or any Permitted Lessee) and any conditional vendor of any engine (other than an Engine or Spare Engine) purchased by the Company (or any Permitted Lessee) subject to a conditional sale agreement or any other security agreement, that no interest shall be created under this C Mortgage in any engine so owned, leased or purchased and that none of the Collateral Agent, the Holders or their successors or assigns will acquire or claim, as against the Company (or any Permitted Lessee) or any such mortgagee, lessor or conditional vendor or other holder of a security interest or any successor or assignee of any thereof, any right, title or interest in such engine (other than an Engine or Spare Engine) as the result of such engine being installed on such Airframe.

Any Wet Lease or similar arrangement under which the Company maintains operational control of the relevant Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this Section 3.02. The Collateral Agent acknowledges that any consolidation or merger of the Company or conveyance, transfer or lease of all or substantially all of the Company's assets permitted by the Operative Documents shall not be prohibited by this Section 3.02.

(c) Operation and Use. So long as any Aircraft, any Airframe, any Engine or any Spare Engine is subject to the Lien of this C Mortgage, the Company shall not (or permit any Permitted Lessee to) operate, use or locate any Aircraft, any Airframe, any Engine or any Spare Engine, or allow any Aircraft, any Airframe, any Engine or any Spare Engine to be operated, used or located, (i) in any area excluded from coverage by any insurance required by the terms of Section 3.06, except in the case of a requisition by the U.S. Government where the Company obtains indemnity in lieu of such insurance from the U.S. Government or insurance from the U.S. Government against substantially the same risks and for at least the amounts of the insurance required by Section 3.06 covering such area, or (ii) in any recognized area of hostilities unless covered in accordance with Section 3.06 by war risk insurance, or in either case unless such Aircraft, Airframe, Engine or Spare Engine is only temporarily operated, used or located in such area as a result of an emergency, equipment malfunction, navigational error, hijacking, weather condition or other similar unforeseen circumstance, so long as the Company diligently and in good faith proceeds to remove such Aircraft, Airframe, Engine or Spare Engine from such area. The Company shall also have the right to operate any Aircraft without having on board the original registration certificate or airworthiness certificate in the event that either or both such certificates disappear from such Aircraft, but only to the extent permitted by Exemption No. 5318 of the FAA Regulations or other similar exemption. So long as any Aircraft, any Airframe, any Engine or any Spare Engine is subject to the Lien of this C Mortgage, the Company shall not permit such Aircraft, Airframe, Engine or Spare Engine, as the case may be, to be used, operated, maintained, serviced, repaired or overhauled (x) in violation of any Law of any Government Entity having jurisdiction that is binding on or applicable to such Aircraft, Airframe, Engine or Spare Engine or (y) in violation of any airworthiness certificate, license or registration of any such Government Entity relating to such Aircraft, Airframe, Engine or Spare Engine, except (i) immaterial or non-recurring violations with respect to which corrective measures are taken promptly by the Company or Permitted Lessee, as the case may be, upon discovery thereof, (ii) to the extent the validity or application of any such Law or requirement relating to any such certificate, license or registration is being contested in good faith by the

Company or Permitted Lessee in any reasonable manner which does not materially adversely affect the Lien of this C Mortgage and does not involve any material risk of sale, forfeiture or loss of such Aircraft, Airframe, Engine or Spare Engine, or (iii) that the Company shall not be in default under, or required to take any action set forth in this sentence if it is not possible for the Company to comply with the laws of a jurisdiction other than the United States (or other jurisdiction in which such Aircraft is registered) because of a conflict with the applicable laws of the United States (or such other jurisdiction where such Aircraft is registered).

(d) Registration. The Company, on or prior to each Closing Date, shall cause each Aircraft to be duly registered with the FAA in its name under the Act and except as otherwise permitted by this Section 3.02(d) at all times thereafter shall cause such Aircraft to remain so registered. So long as no Special Default or Event of Default shall have occurred and be continuing, the Company may at any time, subject to Annex C hereto, cause such Aircraft to be re-registered under the laws of a country other than the United States. Whether or not a Special Default or an Event of Default shall be continuing, subject to Annex C hereto, Company may at any time cause such Aircraft to be re-registered under the laws of the United States. Unless the C Mortgage has been discharged, the Company shall also cause the C Mortgage to be duly recorded and at all times maintained of record as a valid first-priority perfected mortgage (subject to Permitted Liens) on each Aircraft, each Airframe and each of the Engines and, if applicable, any Spare Engines (except to the extent (i) such perfection or priority cannot be maintained solely as a result of the failure by Collateral Agent to execute and deliver any necessary documents or (ii) in the case of a registration of an Aircraft in a country other than the United States, the C Mortgage need not be so recorded as provided in Annex C hereto). Unless the Lien of this C Mortgage has been discharged, the Company shall cause the International Interest granted under this C Mortgage in favor of the Collateral Agent with respect to each Airframe and each Engine and Spare Engine to be registered with the International Registry, subject to the Collateral Agent providing its consent to such registration.

(e) Markings. If permitted by applicable Law, on or as soon as practicable after the Closing Date, the Company will cause to be affixed to, and maintained in, the cockpit of each Airframe and on each Engine and Spare Engine, in each case, in a clearly visible location, a placard of a reasonable size and shape bearing the legend: "Subject to a Security Interest in favor Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as Collateral Agent." Such placards may be removed temporarily, if necessary, in the course of maintenance of the Airframes or Engines or Spare Engines. If any such placard is damaged or becomes illegible, the Company shall promptly replace it with a placard complying with the requirements of this Section 3.02(e). Except as above provided, the Company will not allow the name of any person (other than the Company) to be placed on any Airframe or on any Engine or Spare Engine as a designation that might be interpreted as a claim of ownership, provided that nothing herein shall prohibit the Company or any Permitted Lessee from placing its customary colors and insignia on any Airframe and any Engine or any Spare Engine. If the Collateral Agent is replaced or its name is changed, the Company shall replace such placards with new placards reflecting the correct name of the Collateral Agent promptly after the Company receives notice of such replacement or change and, if resulting from a replacement by the Holders of the Collateral Agent not for cause, advancement from the Holders of its reasonable costs of making such replacement.

Section 3.03. Inspection.

(a) At all reasonable times and upon reasonable advance notice (taking into consideration the availability of an Aircraft or Spare Engine, as the case may be, and the Company (or Permitted Lessee) personnel), so long as such Aircraft, or Spare Engine, as the case may be, is subject to the Lien of this C Mortgage, Collateral Agent and its authorized representatives (the “**Inspecting Parties**”) may (not more than once every 12 months unless an Event of Default has occurred and is continuing in which case such inspection right shall not be so limited) inspect such Aircraft, Airframe, Engines and Spare Engines (including without limitation, the Aircraft Documents or Spare Engine Documents, as the case may be) and any such Inspecting Party may make copies of such Aircraft Documents or Spare Engine Documents, as the case may be, not reasonably deemed confidential by the Company or such Permitted Lessee.

(b) Any inspection of an Aircraft, Airframe, Engine or Spare Engine hereunder shall be subject to Company’s safety and security rules applicable at the location of such Aircraft and Spare Engine and shall be limited to a visual, walk-around inspection and shall not include the opening of any panels, bays or other components of such Aircraft and Spare Engine without the express consent of the Company (such consent not to be given by the Collateral Agent pursuant to the power of attorney granted herein), and no such inspection shall interfere with the Company’s or any Permitted Lessee’s maintenance and operation of the Aircraft, Airframes and Engines and Spare Engines.

(c) With respect to such rights of inspection, the Collateral Agent shall not have any duty or liability to make, or any duty or liability by reason of not making, any such visit, inspection or survey.

(d) Each Inspecting Party shall bear its own expenses in connection with any such inspection (including the cost of any copies made in accordance with Section 3.03(a)); provided that all such expenses incurred while an Event of Default shall have occurred shall be paid by the Company.

Each Inspecting Party shall keep any information or copies obtained thereby confidential and shall not disclose the same to any Person, except (A) to prospective and permitted transferees of the Collateral Agent’s interest (and such prospective and permitted transferee’s counsel, independent insurance advisors or other agents) who agree to hold such information confidential, (B) to the Collateral Agent’s counsel, independent insurance advisors or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, (D) any other Inspecting Party, so long as such Inspecting Party agrees to hold such information confidential, and (E) as may be necessary for purposes of protecting the interest of any such Person or for enforcement of this C Mortgage by the Collateral Agent; provided, however, that

any and all disclosures permitted by clauses (C) and (D) above shall be made only to the extent necessary to meet the specific requirements or needs of Persons for whom such disclosures are hereby permitted.

Section 3.04. Maintenance; Replacement and Pooling of Parts, Alterations, Modifications and Additions; Substitution of Engines.

(a) Maintenance. The Company shall, at its own cost and expense, (1) maintain, service, repair, and overhaul (or cause to be maintained, serviced, repaired, and overhauled) each Aircraft (and any engine which is not an Engine but which is installed on such Aircraft) and Spare Engine (A) so as to keep such Aircraft and Spare Engine in as good an operating condition as when delivered to the Company (ordinary wear and tear excepted and without taking into consideration hours and cycles) and so as to keep such Aircraft in such condition as may be necessary to enable the airworthiness certification for such Aircraft to be maintained in good standing at all times under the Act (or under the applicable requirements of another Aviation Authority in the jurisdiction in which such Aircraft is registered) except (i) when such Aircraft is being temporarily stored, (ii) when such Aircraft is being serviced, repaired, maintained, overhauled, tested or modified as permitted or required by the terms of this C Mortgage, (iii) when aircraft similar to such Aircraft have been grounded by the FAA or under the applicable laws of any other jurisdiction in which such Aircraft is registered, or such authority has revoked or suspended the airworthiness certificates for such aircraft, or (iv) (x) for immaterial or non-recurring violations with respect to which corrective measures are taken promptly by Company or Permitted Lessee, as the case may be, upon discovery thereof, or (y) to the extent the validity or application of any such Law or requirement relating to any such certificate, license or registration is being contested in good faith by Company or Permitted Lessee in any reasonable manner which does not materially adversely affect the Lien of this C Mortgage and does not involve any material risk of sale, forfeiture or loss of such Aircraft, and (B) in accordance with the Maintenance Program for such Aircraft and utilizing the same or better manner of maintenance used by the Company (or any Permitted Lessee) with respect to similar aircraft operated by it, and (2) maintain or cause to be maintained in English all records, logs and other materials required to be maintained in respect of such Aircraft by the FAA or the applicable Aviation Authority. In any case, such Aircraft will be maintained in accordance with the maintenance standards required by or substantially similar to those required by the FAA or the central aviation authority of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland or the United Kingdom. Determination of the appropriate course of action in maintenance, including the means of compliance with airworthiness directives, and all other matters pertaining to each Aircraft will be within the sole discretion of the Company.

(b) Replacement of Parts. The Company, at its own cost and expense, will, or will cause a Permitted Lessee to, at its own cost and expense, promptly replace or cause to be replaced all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, except as otherwise provided in Sections 3.04(c) and 3.04(d). In addition, the Company may, at its own cost and expense, and may permit a Permitted Lessee, at its own cost

and expense, (or any maintenance provider for the Aircraft) to, remove (or cause to be removed) in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided that the Company, except as otherwise provided herein, will, at its own cost and expense, replace, or cause to be replaced, such Parts as promptly as practicable. All replacement parts (other than replacement parts temporarily installed as provided in Section 3.04(c) hereof) shall be free and clear of all Liens (except Permitted Liens), and shall be in as good an operating condition as, and shall have a value and utility substantially equal to, the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof (but without taking into consideration hours and cycles remaining until overhaul). Except as provided in Section 3.04(d), all Parts at any time removed from any Airframe or any Engine or any Spare Engine shall remain subject to the Lien of this C Mortgage, no matter where located, until such time as such Parts shall be replaced by parts which meet the requirements for replacement parts specified above. Upon any replacement part becoming incorporated or installed in or attached to any Airframe or any Engine or any Spare Engine, without further act (subject only to Permitted Liens and any arrangement permitted by Section 3.04(c) hereof), (i) such replacement part shall become subject to the Lien of this C Mortgage and be deemed a Part for all purposes hereof to the same extent as the Parts originally incorporated or installed in or attached to such Airframe, Engine or Spare Engine and (ii) the replaced Part shall no longer be subject to the Lien of this C Mortgage and shall no longer be deemed a Part hereunder. Upon request of Company, the Collateral Agent shall, at Company's expense, execute and deliver to Company such documents as may be reasonably required to evidence the release of any replaced Part from the Lien of this C Mortgage.

(c) Pooling of Parts; Temporary Replacement Parts. Any Part removed from any Airframe or any Engine or any Spare Engine may be subjected by the Company (or any Permitted Lessee) to a normal pooling arrangement customary in the airline industry and entered into in the ordinary course of business of Company or Permitted Lessee; provided that the part replacing such removed Part shall be incorporated or installed in or attached to such Airframe or Engine or Spare Engine in accordance with Section 3.04(b) hereof as promptly as practicable after the removal of such removed Part. In addition, the Company (or any Permitted Lessee) may use temporary parts or pooled parts on any Aircraft that are owned by a third party subject to a pooling arrangement as temporary replacements for Parts, provided that the Company (or any Permitted Lessee) as promptly thereafter as practicable, either (1) causes such pooled or temporary replacement part to become subject to the Lien of this C Mortgage free and clear of all Liens other than Permitted Liens or (2) replaces such replacement part with a further replacement part owned by the Company (or any Permitted Lessee) which meets the requirements of Section 3.04(b) hereof and which shall become subject to the Lien of this C Mortgage, free and clear of all Liens other than Permitted Liens.

(d) Alterations, Modifications and Additions. The Company shall, or shall cause a Permitted Lessee to, at its own cost and expense, make (or cause to be made) such alterations, modifications and additions to the Airframes, Engines and Spare Engines as may be required from time to time to meet the applicable standards of the FAA or any other Aviation Authority having jurisdiction over the operation of any Aircraft, to the extent made mandatory in

respect of such Aircraft or Spare Engine, except for (i) immaterial or non-recurring violations with respect to which corrective measures are taken promptly by the Company or a Permitted Lessee, as the case may be, upon discovery thereof, or (ii) to the extent the validity or application of any such Law or requirement is being contested in good faith by the Company or a Permitted Lessee in any reasonable manner which does not involve any material risk of sale, loss or forfeiture of such Aircraft or Spare Engine and does not materially adversely affect the Lien of this C Mortgage. In addition, the Company may, or may permit a Permitted Lessee at its own cost and expense to, from time to time alter the passenger (seating) configuration of any Aircraft and may make or cause to be made such alterations and modifications in and additions to any Airframe, Engine or Spare Engine as the Company (or any Permitted Lessee) may deem desirable in the proper conduct of its business, including removal of Parts which the Company (or any Permitted Lessee) deems to be obsolete or no longer suitable or appropriate for use on such Airframe, Engine or Spare Engine (such parts, "**Obsolete Parts**"); provided that no such alteration, modification, removal or addition impairs the condition or airworthiness of such Airframe, Engine or Spare Engine, or materially diminishes the value, utility and, in regard to any Airframe, remaining useful life (without regard to hours and cycles) of such Airframe or such Engine or Spare Engine below the value, utility or remaining useful life (without regard to hours and cycles) thereof immediately prior to such alteration, modification, removal or addition, assuming that such Airframe or such Engine or Spare Engine is in the condition required hereunder. In addition, the value (but not the utility, condition or airworthiness) of any Airframe or any Engine or Spare Engine may be reduced by the value, if any, of Obsolete Parts which shall have been removed. All parts incorporated or installed in or attached or added to an Airframe, Engine or Spare Engine as the result of such alteration, modification or addition (except those parts which are excluded from the definition of Parts or which the Company has leased from others and Parts which may be removed by the Company pursuant to the next sentence) (the "**Additional Part**" or "**Additional Parts**") shall be free and clear of any Liens other than Permitted Liens and shall, without further act, become subject to the Lien of this C Mortgage. Notwithstanding the foregoing, Company may remove (and not replace) any Additional Part, provided that such Additional Part (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to any Airframe or any Engine or Spare Engine at the time of delivery thereof hereunder or any Part in replacement of or substitution for any such Part, (ii) is not required to be incorporated or installed in or attached or added to any Airframe or any Engine or Spare Engine pursuant to the terms of Section 3.04(a) or the first sentence of this Section 3.04(d), and (iii) can be removed from such Airframe or such Engine or Spare Engine without impairing the airworthiness of such Airframe or such Engine or Spare Engine or materially diminishing the value, utility and remaining useful life of such Airframe or such Engine or Spare Engine which such Airframe or such Engine or Spare Engine would have had at such time had such alteration, modification or addition not occurred. Upon the removal thereof as provided above, such Additional Parts shall no longer be subject to the Lien of this C Mortgage or be deemed part of the Airframe or Engine from which it was removed. Notwithstanding any other provision of this Indenture, the Company may, at any time, install or permit to be installed in the Aircraft Passenger Convenience Equipment owned by the Company or any Permitted Lessee or by third parties and leased or otherwise furnished to the Company in the ordinary course of business, and the Company may remove (and not replace) or permit to be removed (and not replaced) the same, and Collateral Agent shall not acquire a Lien thereon by virtue of such installation or otherwise, and the rights of the owners therein shall not constitute a default under this C Mortgage.

(e) Substitution of Engines. Upon the occurrence of an Event of Loss with respect to (I) an Engine under circumstances in which an Event of Loss with respect to an Airframe has not occurred or (II) a Spare Engine, the Company shall promptly (and in any event within 15 days after such occurrence) give the Collateral Agent written notice of such Event of Loss. The Company shall have the right at its option at any time, on at least five (5) Business Days' prior notice to the Collateral Agent, to substitute, and if an Event of Loss shall have occurred with respect to (I) an Engine under circumstances in which an Event of Loss with respect to an Airframe has not occurred or (II) a Spare Engine, shall, but subject to Section 2.15 of the Indenture, within 60 days of the occurrence of such Event of Loss substitute, a Replacement Engine for any Engine or Spare Engine, as the case may be. In such event, immediately upon the effectiveness of such substitution and without further act, (i) the replaced Engine or Spare Engine, as the case may be, shall thereupon be free and clear of all rights of the Collateral Agent and the Lien of this C Mortgage and shall no longer be deemed an Engine or Spare Engine, as the case may be, hereunder and (ii) such Replacement Engine shall become subject to this C Mortgage free and clear of all Liens (other than Permitted Liens) and be deemed an "Engine" or "Spare Engine" as the case may be, for all purposes hereof to the same extent as the replaced Engine or Spare Engine, as the case may be. Such Replacement Engine shall be an engine manufactured by Engine Manufacturer that is the same model as the Engine, or Spare Engine, as the case may be, to be replaced thereby, or an improved model, and that is suitable for installation and use on the relevant Airframe (in the case of an Engine), and that has a value and utility (without regard to hours and cycles remaining until overhaul) at least equal to, and be in as good operating condition and repair as, the Engine, or Spare Engine, as the case may be, to be replaced thereby (assuming that such Engine or Spare Engine had been maintained in accordance with this C Mortgage). The Company's substitution hereunder shall be subject to (x) the satisfaction of each of the requirements set forth in Section 4.11 of the Indenture, including, without limitation, each requirement for a Replacement Engine to be Collateral and each of the requirements of Section 4.11(a)(v) and (y) the fulfillment (which may be simultaneous with such replacement) of the following conditions precedent at the Company's sole cost and expense, and the Collateral Agent agrees to cooperate with the Company to the extent necessary to enable it to timely satisfy such conditions:

(i) an executed counterpart of each of the following documents shall be delivered to the Collateral Agent:

(A) a C Mortgage Supplement covering the Replacement Engine, which shall have been duly filed for recordation pursuant to the Act or such other applicable law of the jurisdiction other than the United States in which the Aircraft of which such Replacement Engine is a part is registered in accordance with Section 3.02(d), as the case may be;

(B) a full warranty (as to title) bill of sale, covering the Replacement Engine, executed by the former owner thereof in favor of the

Company (or, at the Company's option, other evidence of the Company's ownership of such Replacement Engine, reasonably satisfactory to the Collateral Agent); and

(C) UCC financing statements and registrations with the International Registry covering the security interests created by this C Mortgage (or any similar statements or other documents required to be filed or delivered pursuant to the laws of the jurisdiction in which such Aircraft may be registered) as are deemed necessary or desirable by counsel for the Collateral Agent to protect the security interests of the Collateral Agent in the Replacement Engine;

(ii) the Company shall cause to be delivered to the Collateral Agent such evidence of compliance with the insurance provisions of Section 3.06 with respect to such Replacement Engine as Collateral Agent shall reasonably request;

(iii) the Company shall have furnished to Collateral Agent (A) an opinion of counsel to the Company, or other counsel satisfactory to the Collateral Agent, addressed to the Collateral Agent, to the effect that the Replacement Engine has or have duly been made subject to the Lien of this C Mortgage, and Collateral Agent will be entitled to the benefits of Section 1110 with respect to the Replacement Engine provided that such opinion with respect to Section 1110 need not be delivered to the extent that immediately prior to such replacement the benefits of Section 1110 were not, solely by reason of a change in law or court interpretation thereof, available to Collateral Agent, and (B) an opinion of Company's aviation law counsel reasonably satisfactory to Collateral Agent and addressed to Collateral Agent as to the due filing for recordation of the C Mortgage Supplement with respect to such Replacement Engine under the Act or such other applicable law of the jurisdiction other than the United States in which such Aircraft is registered in accordance with Section 3.02(d), as the case may be, and the registration with the International Registry of (i) the International Interest granted under such C Mortgage Supplement with respect to such Replacement Engine and (ii) if the bill of sale referred to in clause (i)(B) above constitutes "contract of sale" under the Cape Town Convention, such contract of sale with respect to such Replacement Engine; and

(iv) the Company shall have furnished to Collateral Agent a certificate of a qualified aircraft engineer (who may be an employee of the Company) certifying that such Replacement Engine has a value and utility and remaining useful life (without regard to hours and cycles remaining until overhaul) at least equal to the Engine so replaced (assuming that such Engine or Spare Engine, as the case may be, had been maintained in accordance with this C Mortgage).

Upon satisfaction of all conditions to such substitution, (x) the Collateral Agent shall execute and deliver to the Company such documents and instruments, prepared at the Company's expense, as the Company shall reasonably request to evidence the release of such replaced Engine or Spare Engine, as the case may be, from the Lien of this C Mortgage, (y) the Collateral Agent shall assign to the Company all claims it may

have against any other Person relating to any Event of Loss giving rise to such substitution and (z) the Company shall receive all insurance proceeds (other than those reserved to others under Section 3.06(b)) and other proceeds in respect of any Event of Loss giving rise to such replacement in accordance with Section 3.05(d) hereof.

Section 3.05. Loss, Destruction or Requisition.

(a) Event of Loss With Respect to an Airframe. Upon the occurrence of an Event of Loss with respect to an Airframe, the Company shall promptly (and in any event within 15 days after such occurrence) give the Collateral Agent written notice of such Event of Loss. The Company shall, within 30 days after such occurrence, give the Collateral Agent written notice of Company's election to either replace such Airframe as provided under Section 3.05(a)(i) or to make payment in respect of such Event of Loss as provided under Section 3.05(a)(ii) (it being agreed that if Company shall not have given the Collateral Agent such notice of such election within the above specified time period, the Company shall be deemed to have elected to make payment in respect of such Event of Loss as provided under Section 3.05(a)(ii)):

(i) if Company elects to replace an Airframe, the Company shall, subject to (x) the satisfaction of each of the requirements set forth in Section 4.11 of the Indenture, including, without limitation, each requirement for a Replacement Engine to be Collateral and each of the requirements of Section 4.11(a)(v) and (y) the satisfaction of the conditions contained in Section 3.05(c), as promptly as possible and in any event within 60 days after the occurrence of such Event of Loss, cause to be subjected to the Lien of this C Mortgage, in replacement of such Airframe with respect to which the Event of Loss occurred, a Replacement Airframe and, if any Engine shall have been installed on such Airframe when it suffered the Event of Loss, a Replacement Engine therefore (which Replacement Engine shall meet all of the requirements of the fourth sentence of Section 3.04(e)), such Replacement Airframe and Replacement Engines to be free and clear of all Liens except Permitted Liens and to have a value, utility and remaining useful life (without regard to hours or cycles remaining until the next regular maintenance check) at least equal to the Airframe or Engine, as the case may be, to be replaced thereby (assuming that such Airframe or Engine had been maintained in accordance with this C Mortgage); provided that if the Company shall not perform its obligation to effect such replacement under this clause (i) during the 60-day period of time provided herein, it shall pay the amounts required to be paid pursuant to and within the time frame specified in clause (ii) below; or

(ii) if the Company elects to make a payment in respect of such Event of Loss of an Airframe, the Company shall make a payment to the Collateral Agent to be held as Cash Collateral subject to (including Sections 4.11(a)(i)(D), 4.11(a)(ii)(C), 4.11(a)(iii)(B) and 4.11(a)(vi) of the Indenture) and in accordance with the Indenture on a date on or before the Business Day next following the earlier of (x) the 60th day following the date of the occurrence of such Event of Loss, and (y) the fourth Business Day following the receipt of insurance proceeds with respect to such Event of Loss (but in any event not earlier than the date of Company's election under Section 3.05(a) to make payment under this Section 3.05 (a)(ii)).

(b) **Effect of Replacement.** Should the Company have provided a Replacement Airframe and Replacement Engines, if any, as provided for in Section 3.05(a)(i), (i) the Lien of this C Mortgage shall continue with respect to such Replacement Airframe and Replacement Engines, if any, as though no Event of Loss had occurred; (ii) the Collateral Agent shall, at the cost and expense of the Company, release from the Lien of this C Mortgage such replaced Airframe and Engines and Spare Engines, if any, by executing and delivering to the Company such documents and instruments as the Company may reasonably request to evidence such release; and (iii) in the case of a replacement upon an Event of Loss, the Collateral Agent shall assign to the Company (or if directed by the Company, the insurers having made payment in respect of the applicable Event of Loss) all claims the Collateral Agent may have against any other Person arising from the Event of Loss and the Company shall receive all insurance proceeds (other than those reserved to others under Section 3.06(b)) and proceeds from any award in respect of condemnation, confiscation, seizure or requisition, including any investment interest thereon, to the extent not previously applied to the purchase price of the Replacement Airframe and Replacement Engines, if any, as provided in Section 3.05(d).

(c) **Conditions to Airframe and Engine Replacement.** The Company's right to substitute a Replacement Airframe and Replacement Engines, if any, as provided in Section 3.05(a)(i) shall be subject to the fulfillment, at the Company's sole cost and expense, in addition to the conditions contained in such Section 3.05(a)(i), of the following conditions precedent:

(i) on the date when the Replacement Airframe and Replacement Engines, if any, is subjected to the Lien of this C Mortgage (such date being referred to in this Section 3.05 as the "**Replacement Closing Date**"), an executed counterpart of each of the following documents (or, in the case of the FAA bill of sale and full warranty bill of sale referred to below, a photocopy thereof) shall have been delivered to the Collateral Agent:

(A) a C Mortgage Supplement covering the Replacement Airframe and Replacement Engines, if any, which shall have been duly filed for recordation pursuant to the Act or such other applicable law of such jurisdiction other than the United States in which the Replacement Airframe and Replacement Engines, if any, are to be registered in accordance with Section 3.02(d), as the case may be;

(B) an FAA bill of sale (or a comparable document, if any, of another Aviation Authority, if applicable) covering the Replacement Airframe executed by the former owner thereof in favor of the Company;

(C) a full warranty (as to title) bill of sale, covering the Replacement Airframe and Replacement Engines, if any, executed by the former

owner thereof in favor of the Company (or, at the Company's option, other evidence of the Company's ownership of such Replacement Airframe and Replacement Engines, if any, reasonably satisfactory to the Collateral Agent); and

(D) Uniform Commercial Code financing statements and registrations with the International Registry (or any similar statements or other documents required to be filed or delivered pursuant to the laws of the jurisdiction in which the Replacement Airframe and Replacement Engines, if any, may be registered in accordance with Section 3.02(d)) as are deemed necessary or desirable by counsel for the Collateral Agent to protect the security interests of the Collateral Agent in the Replacement Airframe and Replacement Engines, if any;

(ii) the Replacement Airframe and Replacement Engines, if any, shall be of the same model as such Airframe or Engines, as the case may be, or an improved model of such aircraft or engines of the manufacturer thereof, shall have a value and utility (without regard to hours or cycles remaining until the next regular maintenance check) at least equal to, and be in as good operating condition and repair as, any Airframe and any Engines replaced (assuming such Airframe and Engines had been maintained in accordance with this C Mortgage);

(iii) the Collateral Agent (acting directly or by authorization to its special counsel) shall have received satisfactory evidence as to the compliance with Section 3.06 with respect to the Replacement Airframe and Replacement Engines, if any;

(iv) on the Replacement Closing Date, (A) the Company shall cause the Replacement Airframe and Replacement Engines, if any, to be subject to the Lien of this C Mortgage free and clear of Liens (other than Permitted Liens), (B) the Replacement Airframe shall have been duly certified by the FAA or other applicable Aviation Authority as to type and airworthiness in accordance with the terms of this C Mortgage, (C) application for registration of the Replacement Airframe in accordance with Section 3.02(d) shall have been duly made with the FAA or other applicable Aviation Authority and the Company shall have authority to operate the Replacement Airframe and Replacement Engines, if any, and (D) the International Interest of this C Mortgage with respect to the Replacement Airframe and the Replacement Engines, if any, shall have been registered with the International Registry and, if the bill of sale referred to in (i)(C) above constitutes a "contract of sale" under the Cape Town Convention, such contract of sale with respect to the Replacement Airframe and the Replacement Engine, if any, shall have been registered with the International Registry;

(v) the Collateral Agent at the expense of the Company, shall have received (A) an opinion of counsel to the Company, or other counsel satisfactory to the Collateral Agent, addressed to the Collateral Agent, to the effect that the Replacement Airframe and Replacement Engines, if any, has or have duly been made subject to the Lien of this C Mortgage, and Collateral Agent will be entitled to the benefits of

Section 1110 with respect to the Replacement Airframe and Replacement Engines, if any, provided that such opinion with respect to Section 1110 need not be delivered to the extent that immediately prior to such replacement the benefits of Section 1110 were not, solely by reason of a change in law or court interpretation thereof, available to Collateral Agent, and (B) an opinion of Company's aviation law counsel reasonably satisfactory to and addressed to Collateral Agent as to the due registration of any such Replacement Airframe and the due filing for recordation of each C Mortgage Supplement with respect to such Replacement Airframe and Replacement Engines, if any, under the Act or such other applicable law of the jurisdiction other than the United States in which the Replacement Airframe is to be registered in accordance with Section 3.02(d), as the case may be, and the registrations with the International Registry of the interests specified in clause (iv)(D) above with respect to the Replacement Airframe and Replacement Engine, if any; and

(vi) the Company shall have furnished to the Collateral Agent a certificate signed by a duly authorized officer of the Company or by a qualified aircraft engineer (who may be an employee of the Company) or an appraiser reasonably acceptable to the Collateral Agent certifying that the Replacement Airframe and Replacement Engines, if any, have a value and utility and remaining useful life (without regard to hours and cycles remaining until overhaul) at least equal to any Airframe and any Engines so replaced (assuming that such Airframe and Engines had been maintained in accordance with this C Mortgage).

(d) Payments Received on Account of an Event of Loss. Any amounts up to the Agreed Value, other than insurance proceeds in respect of damage or loss not constituting an Event of Loss (the application of which is provided for in Annex B), received at any time by Collateral Agent or the Company from any Government Entity or any other Person in respect of any Event of Loss will be applied as follows:

(i) if such amounts are received with respect to any Airframe, and any Engine installed thereon at the time of such Event of Loss, upon compliance by the Company with the applicable terms of Section 3.05(c) with respect to the Event of Loss for which such amounts are received, such amounts shall be paid over to, or retained by, the Company;

(ii) if such amounts are received with respect to an Engine (other than an Engine installed on an Airframe at the time such Airframe suffers an Event of Loss), upon compliance by the Company with the applicable terms of Section 3.04(e) with respect to the Event of Loss for which such amounts are received, such amounts shall be paid over to, or retained by, the Company;

(iii) if such amounts are received, in whole or in part, with respect to an Airframe, and the Company makes, has made or is deemed to have made the election set forth in Section 3.05(a)(ii), such amounts shall be applied as follows:

first, if the sum described in Section 3.05(a)(ii) has not then been paid in full by the Company, such amounts shall be paid to Collateral Agent to the extent necessary to pay in full such sum; and

second, the remainder, if any, shall be paid to Company.

Any amounts in excess of the Agreed Value received in connection with an Event of Loss shall be paid to the Company.

Any insurance, condemnation or other proceeds which result from an Event of Loss that are paid to the Collateral Agent and have not been applied pursuant to this Section 3.05(d) shall be held by the Collateral Agent as permitted by Section 7.04 hereof (provided that such moneys shall be invested as provided in Section 7.08 hereof) as additional security for the obligations of the Company under the Transaction Documents and such proceeds (and such investment earnings) shall be applied in accordance with this Section 3.05(d).

(e) Requisition for Use. In the event of a requisition for use by any Government Entity of any Airframe, Engine or Spare Engine, if any, or engines installed on such Airframe while such Airframe is subject to the Lien of this C Mortgage, the Company shall promptly notify the Collateral Agent of such requisition and all of the Company's obligations under this C Mortgage shall continue to the same extent as if such requisition had not occurred except to the extent that the performance or observance of any obligation by the Company shall have been prevented or delayed by such requisition; provided that the Company's obligations under this Section 3.05 with respect to the occurrence of an Event of Loss for the payment of money and under Section 3.06 (except while an assumption of liability by the U.S. Government of the scope referred to in Section 3.02(c) is in effect) shall not be reduced or delayed by such requisition. Any payments received by the Collateral Agent or the Company or Permitted Lessee from such Government Entity with respect to such requisition of use shall be paid over to, or retained by, the Company. In the event of an Event of Loss of a Spare Engine or of an Engine resulting from the requisition for use by a Government Entity of such Engine (but not an Airframe), the Company will replace such Engine or Spare Engine hereunder by complying with the terms of Section 3.04(e) and any payments received by the Collateral Agent or the Company from such Government Entity with respect to such requisition shall be paid over to, or retained by, the Company.

(f) Certain Payments to be Held As Security. Any amount referred to in this Section 3.05 or Section 3.06 which is payable or creditable to, or retainable by, the Company shall not be paid or credited to, or retained by the Company if at the time of such payment, credit or retention a Special Default or an Event of Default shall have occurred and be continuing, but shall be paid to and held by the Collateral Agent as security for the obligations of the Company under this C Mortgage and the Transaction Documents, and at such time as there shall not be continuing any such Special Default or Event of Default such amount and any gain realized as a result of investments required to be made pursuant to Section 7.08 shall to the extent not theretofore applied as provided herein, be paid over to the Company.

Section 3.06. Insurance.

(a) Obligation to Insure. The Company shall comply with, or cause to be complied with, each of the provisions of Annex B, which provisions are hereby incorporated by this reference as if set forth in full herein.

(b) Insurance for Own Account. Nothing in Section 3.06 shall limit or prohibit (a) the Company from maintaining the policies of insurance required under Annex B with higher coverage than those specified in Annex B, or (b) the Collateral Agent or any other Additional Insured from obtaining insurance for its own account (and any proceeds payable under such separate insurance shall be payable as provided in the policy relating thereto); provided, however, that no insurance may be obtained or maintained that would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by the Company pursuant to this Section 3.06 and Annex B.

(c) Indemnification by Government in Lieu of Insurance. The Collateral Agent agrees to accept, in lieu of insurance against any risk with respect to each Aircraft and Spare Engine described in Annex B, indemnification from, or insurance provided by, the U.S. Government, or upon the written consent of the Collateral Agent, other Government Authority, against such risk in an amount that, when added to the amount of insurance (including permitted self-insurance), if any, against such risk that the Company (or any Permitted Lessee) may continue to maintain, in accordance with this Section 3.06, shall be at least equal to the amount of insurance against such risk otherwise required by this Section 3.06.

(d) Application of Insurance Proceeds. As between Company and Collateral Agent, all insurance proceeds received as a result of the occurrence of an Event of Loss with respect to any Aircraft, any Engine or any Spare Engine under policies required to be maintained by Company pursuant to this Section 3.06 will be applied in accordance with Section 3.05(d). All proceeds of insurance required to be maintained by the Company, in accordance with Section 3.06 and Section B of Annex B, in respect of any property damage or loss not constituting an Event of Loss with respect to any Aircraft, Airframe, Engine or Spare Engine will be applied in accordance with Annex B hereto.

(e) Application of Payments During Existence of a Special Default or Event of Default. Any amount described in this Section 3.06 that is payable or creditable to, or retainable by, the Company shall not be paid or credited to, or retained by, the Company if at the time such payment, credit or retention would otherwise occur a Special Default or Event of Default shall have occurred and be continuing, but shall instead be held by or paid over to the Collateral Agent as security for the obligations of the Company under the Transaction Documents and shall be invested pursuant to Section 7.08 hereof. At such time as there shall not be continuing any Special Default or Event of Default, such amount and any gains thereon shall be paid to the Company to the extent not previously applied in accordance with this C Mortgage or the other Transaction Documents.

Section 3.07. Filings; Change of Office.

(a) The Company, at its sole cost and expense, will cause the FAA Filed Documents with respect to each Airframe, Engine and Spare Engine, the Financing Statements with respect to each Airframe, Engine and Spare Engine, and all continuation statements (and any amendments necessitated by any combination, consolidation or merger of the Company, or change in its state of incorporation) in respect of such Financing Statements, to be prepared and duly and timely filed and recorded, or filed for recordation, to the extent permitted under the Act (with respect to such FAA Filed Documents) or the UCC.

(b) The Company will give the Collateral Agent timely written notice (but in any event within 30 days prior to the expiration of the period of time specified under applicable law to prevent lapse of perfection) of any change of (x) its "location" (as such term is used in Section 9-307 of the UCC) from its then present location or (y) its legal name and will promptly take any action required by Section 3.07(a) as a result of such relocation or change of its legal name.

Section 3.08. Indenture Obligations.

The Company agrees to perform and observe all of the agreements, covenants and obligations of the Company set forth in the Indenture (including, without limitation, the payment in full of the principal of, interest on and all other amounts owing in respect of the Securities), the Securities and the other Transaction Documents (it being understood that this Section 3.08 shall not restrict the ability to amend or supplement, or waive compliance with, any Transaction Document in accordance with its terms).

ARTICLE IV**REMEDIES**

Section 4.01. Remedies. If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Collateral Agent may exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Article IV and shall have and may exercise all of the rights and remedies of a secured party under the UCC or by other applicable law (including the Cape Town Convention, to the extent applicable) and may take possession of all or any part of the properties covered or intended to be covered by the Lien created hereby or pursuant hereto and may exclude the Company and all persons claiming under it wholly or partly therefrom and may sell the Collateral as a whole or in part from time to time; provided, that the Collateral Agent shall give the Company twenty days' prior written notice of its intention to sell any Collateral. Without limiting any of the foregoing, it is understood and agreed that the Collateral Agent may exercise any right of sale, lease or other disposition of any Collateral available to it, even though it shall not have taken possession of such Collateral and shall not have possession thereof at the time of such sale, and may pursue all or part of the Collateral wherever it may be found and may enter any of the premises of the Company wherever the Collateral may be or is supposed to be and

search for the Collateral and take possession of and remove the Collateral. In addition, the Collateral Agent and each of the Secured Parties shall have a right after the occurrence and during the continuance of an Event of Default to inspect each Aircraft, Engine and Spare Engine and the Aircraft Documents and Spare Engine Documents in accordance with Section 3.03, and the Company shall bear the reasonable costs thereof, as set forth in Section 3.03(d). Promptly after the occurrence of an Event of Default, the Company will provide to the Collateral Agent (with a copy to S&P at its offices at 55 Water Street, 39th Floor, New York, New York 10041-003, Attention: Philip A. Baggaley and to Moody's at its offices at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, Attention: Jonathan Root) a statement setting forth the following information with respect to each Aircraft and Spare Engine: (A) whether such Aircraft is currently in service or parked in storage, (B) the maintenance status of such Aircraft or Spare Engine and (C) the location of each of the Engines and Spare Engines.

Section 4.02. Return of Collateral, Etc.

(a) If an Event of Default shall have occurred and be continuing and the unpaid Accreted Principal on any Security, together with interest accrued thereon, have become due and payable in accordance with Section 6.02 of the Indenture, at the request of the Collateral Agent, the Company shall promptly execute and deliver to the Collateral Agent such instruments of title and other documents as the Collateral Agent may deem necessary or advisable to enable the Collateral Agent or an agent or representative designated by the Collateral Agent, at such time or times and place or places as the Collateral Agent may specify, to obtain possession of all or any part of the Collateral to which the Collateral Agent shall at the time be entitled hereunder. If the Company shall for any reason fail to execute and deliver such instruments and documents after such request by the Collateral Agent, the Collateral Agent may (i) obtain a judgment conferring on the Collateral Agent the right to immediate possession and requiring the Company to execute and deliver such instruments and documents to the Collateral Agent, to the entry of which judgment the Company hereby specifically consents to the fullest extent permitted by Law and (ii) pursue all or part of such Collateral wherever it may be found and may enter any of the premises of the Company wherever such Collateral may be or is supposed to be and search for such Collateral and take possession of and remove such Collateral. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this C Mortgage.

(b) Upon every such taking of possession, the Collateral Agent may, from time to time, at the expense of the Company, make all such expenditures for maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modifications or alterations to and of the Collateral, as it may deem proper. In each such case, the Collateral Agent shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Collateral and to exercise all rights and powers of the Company relating to the Collateral, as the Collateral Agent shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modification or alteration of the Collateral or any part thereof as the Collateral Agent may determine, and the Collateral Agent shall be entitled to collect and receive directly all rents, revenues and other proceeds of the Collateral and every part thereof, without prejudice, however, to the right of the Collateral Agent under any provision of this

C Mortgage to collect and receive all cash held by, or required to be deposited with, the Collateral Agent hereunder. Such rents, revenues and other proceeds shall be applied to pay the expenses of the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, improvement, modification or alteration of the Collateral and of conducting the business thereof, and to make all payments which the Collateral Agent may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Company), and all other payments which the Collateral Agent may be required or authorized to make under any provision of this C Mortgage, as well as just and reasonable compensation for the services of the Collateral Agent, and of all persons properly engaged and employed by the Collateral Agent with respect hereto.

(c) To the extent permitted by applicable Law, the Collateral Agent and each other Secured Party may be a purchaser of the Collateral or any part thereof or any interest therein at any such sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Collateral Agent or any other Secured Party, upon any such purchase, shall acquire good title to the property so purchased, to the extent permitted by applicable Law, free of the Company's rights of redemption. The Holders, or the Collateral Agent on their behalf, shall be entitled, at any sale or similar disposition of Collateral pursuant to the exercise of remedies, to credit against any purchase price bid at such sale by such Holder all or any part of the unpaid Obligations owing to such Holders.

(d) Upon any sale of the Collateral or any part thereof or interest therein pursuant hereto, whether pursuant to foreclosure or power of sale or otherwise, the receipt of the official making the sale by judicial proceeding or of the Collateral Agent shall be sufficient discharge to the purchaser for the purchase money and neither such official nor such purchaser shall be obligated to see to the application thereof.

(e) Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall be a perpetual bar against the Company, after the expiration of the period, if any, during which such Person shall have the benefit of redemption laws which may not be waived as provided above.

(f) Any sale or other conveyance of any Collateral or any interest therein by the Collateral Agent made pursuant to the terms of this C Mortgage shall bind the Company and the Secured Parties and shall be effective to transfer or convey all right, title and interest of the Collateral Agent, the Company and the other Secured Parties in and to such Collateral. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Collateral Agent.

Section 4.03. Remedies Cumulative. Each and every right, power and remedy given to the Collateral Agent specifically or otherwise in this C Mortgage shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or

hereafter existing at Law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Collateral Agent, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Collateral Agent in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Company or to be an acquiescence therein.

Section 4.04. Discontinuance of Proceedings. In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this C Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the Company and the Collateral Agent shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Company or the Collateral Agent shall continue as if no such proceedings had been instituted.

Section 4.05. Appointment of Receiver. The Collateral Agent shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Collateral Agent or any successor or nominee thereof) for all or any part of the Collateral after the occurrence and during the continuance of an Event of Default, whether such receivership be incidental to a proposed sale of the Collateral or the taking of possession thereof or otherwise, and the Company hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers of the Collateral Agent with respect to the Collateral.

Section 4.06. The Collateral Agent Authorized to Execute Bills of Sale, Etc. The Company irrevocably appoints, while an Event of Default has occurred and is continuing, the Collateral Agent the true and lawful attorney-in-fact of the Company (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this C Mortgage, whether pursuant to foreclosure or power of sale, assignments and other instruments as may be necessary or appropriate or entering into any agreement described in Section 4.02(b), with full power of substitution, the Company hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law. Nevertheless, if so requested by the Collateral Agent or any purchaser, the Company shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Collateral Agent or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

Section 4.07. Limitations Under CRAF. Notwithstanding the provisions of this Article IV, during any period that any Aircraft, any Airframe or any Engine or any Spare Engine is subject to CRAF in accordance with the provisions of Section 3.02(b)(vi) and in the possession of the U.S. Government, the Collateral Agent shall not, as a result of any Event of Default,

exercise its remedies hereunder in such manner as to limit the Company's control under this C Mortgage (or any Permitted Lessee's control under any Permitted Lease) of such Aircraft, such Airframe or such Engine, unless at least 30 days' (or such other period as may then be applicable under CRAF) written notice of default hereunder shall have been given by the Collateral Agent by registered or certified mail to the Company (and any Permitted Lessee) with a copy to the Contracting Officer Representative or Representatives for the Military Airlift Command of the United States Air Force to whom notices must be given under the contract governing the Company's (or any Permitted Lessee's) participation in CRAF with respect to such Aircraft, such Airframe or such Engine or Spare Engine.

ARTICLE V

RECEIPT, DISTRIBUTION AND APPLICATION OF PAYMENTS

Section 5.01. Payments Prior to Event of Default. Subject to Section 5.02, if the Collateral Agent shall receive any payment of principal (including, for this purpose, Accreted Principal) or interest on the Securities, it shall distribute such funds to the Paying Agent for payment to the Holders entitled thereto in accordance with the terms of the Indenture and the Securities.

Section 5.02. Payments After Event of Default. Except as otherwise provided in Section 5.03 hereof, all payments received from the Company or otherwise on account of the Secured Obligations and amounts held or realized by the Collateral Agent (including any amounts realized by the Collateral Agent from the exercise of any remedies pursuant to Article IV hereof), in each case after an Event of Default shall have occurred and be continuing, as well as all payments or amounts then held by the Collateral Agent as part of the Collateral, shall be applied in accordance with Section 6.10 of the Indenture; provided that, notwithstanding the provisions of Section 6.10 of the Indenture, after an Event of Default shall have occurred and be continuing and the Maturity of the Securities has been accelerated pursuant to Section 6.02 of the Indenture, such payments or amounts then held by the Collateral Agent as part of the Collateral shall be applied as follows under clause "Second" of Section 6.10 of the Indenture: Second: (i) first, to Holders for amounts due and unpaid on the Securities for interest (including all interest on any applicable amounts accruing at the Post-Acceleration Rate) ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for interest and (ii) second, any remaining amounts to Holders for amounts due and unpaid on the Securities for Accreted Principal ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for Accreted Principal.

Section 5.03. Certain Payments.

(a) Any payments received by the Collateral Agent for which no provision as to the application thereof is made in this C Mortgage and for which such provision is made in the Indenture or any other Transaction Document shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Indenture or such other Transaction Document, as the case may be.

(b) Notwithstanding anything to the contrary contained in this Article V, the Collateral Agent will distribute promptly upon receipt by it of any indemnity payment from the Company directly to the Person entitled thereto.

ARTICLE VI

DUTIES OF THE COLLATERAL AGENT

Section 6.01. Notice of Event of Default; Action Upon Event of Default. If the Collateral Agent has knowledge of an Event of Default, the Collateral Agent shall promptly give notice of such Event of Default to the Secured Parties and to the Company. The Collateral Agent shall take such action, or refrain from taking such action, with respect to such Event of Default (including with respect to the exercise of any rights or remedies hereunder), only as the Trustee shall instruct the Collateral Agent in writing. For all purposes of this C Mortgage, in the absence of knowledge by a Responsible Officer, the Collateral Agent shall not be deemed to have knowledge of a Default, an Event of Default or an Event of Loss unless notified in writing by the Company or any other Secured Party.

Section 6.02. Action Upon Instructions. Subject to the terms of this Article VI, upon the written instructions at any time of the Trustee, the Collateral Agent shall promptly (i) give such notice, direction, consent, waiver or approval, or exercise such right, remedy or power hereunder in respect of all or any part of the Collateral, or (ii) take such other action in accordance with the terms hereof, the Indenture and the other Transaction Documents as shall be specified in such instruction. The Collateral Agent will execute such continuation statements with respect to Financing Statements relating to the security interest created hereunder in the Collateral as the Trustee may specify from time to time in written instructions, which instructions shall be accompanied by the form of continuation statement to be executed by the Collateral Agent, such continuation statement to be filed by either the Collateral Agent or the Company. The Collateral Agent shall not be liable to the Company with respect to any action taken or omitted to be taken by it hereunder, except for any actions or omissions constituting the gross negligence or willful misconduct of the Collateral Agent.

Section 6.03. Indemnification. The Collateral Agent shall not be required to take any action or refrain from taking any action under Section 6.01 (other than the first sentence thereof), Section 6.02 or Article IV or to take any action or refrain from taking any action at the direction or instructions of the Trustee under any other Section hereof, the Indenture or under any other Transaction Document unless it shall have received indemnification against any risks or costs incurred in connection therewith in form and substance reasonably satisfactory to it, including, without limitation, adequate advances against costs which may be incurred by it in connection therewith.

Section 6.04. No Duties Except as Specified in C Mortgage or Instructions. The Collateral Agent shall not have any duty or obligation to manage, control, lease, use, sell, operate, store, dispose of or otherwise deal with any of the Collateral, or to otherwise take or refrain from taking any action under, or in connection with, this C Mortgage, except as expressly

provided by the terms of this C Mortgage or as expressly provided in written instructions received pursuant to the terms of Section 6.01 or 6.02; and no implied duties or obligations shall be read into this C Mortgage, the Indenture or the other Transaction Documents against the Collateral Agent. The Collateral Agent agrees that it will in its individual capacity and at its own costs and expense (but without any right of indemnity in respect of any such cost or expense under Section 6.08 hereof) promptly take such action as may be necessary duly to discharge all liens and encumbrances on any part of the Collateral which result from claims against it in its individual capacity not related to the administration of the Collateral or any other transaction pursuant to this C Mortgage or any document included in the Collateral.

Section 6.05. No Action Except Under C Mortgage or Instructions. The Collateral Agent agrees that it will not manage, control, use, sell, lease, operate, store, dispose of or otherwise deal with any Airframe, Engine or Spare Engine or other property constituting part of the Collateral except in accordance with the powers granted to, or the authority conferred upon, the Collateral Agent pursuant to this C Mortgage, the Indenture and the other Transaction Documents and in accordance with the express terms hereof and thereof.

Section 6.06. Reports, Notices, Etc. The Collateral Agent will furnish to the other Secured Parties, promptly upon receipt thereof, duplicates or copies of all reports, opinions, notices, requests, demands, certificates, financial statements and other instruments furnished to the Collateral Agent, to the extent that the same shall not have been otherwise furnished to the other Secured Parties pursuant to this C Mortgage, the Indenture or any other Transaction Document; provided, the failure of the Collateral Agent to furnish the other Secured Parties with such duplicates or copies shall not impair or affect the validity of any such report, opinion, notice, request, demand, certificate, financial statement or other instrument. The Collateral Agent's sole responsibility with respect to such reports, opinions, notices, requests, demands, certificates, financial statements and other instruments shall be to furnish them to the other Secured Parties to the extent provided in this Section.

Section 6.07. No Charges. The Collateral Agent agrees that it will not impose any lifting charge, cable charge, remittance charge or any other charge or fee on any transfer by the Company of funds to, through or by the Collateral Agent pursuant to the Indenture or any other Transaction Document, except as may be otherwise agreed in writing by the Company.

Section 6.08. Scope of Indemnification. The Collateral Agent shall be indemnified by the Company to the extent and in the manner provided in Section 6 of the Underwriting Agreement.

ARTICLE VII

THE COLLATERAL AGENT

Section 7.01. Acceptance of Duties. The Collateral Agent accepts the duties created pursuant to Article VI of this C Mortgage. The Collateral Agent shall have no liability hereunder, under the Indenture or under any other Transaction Document except as provided in Article VI of this C Mortgage.

Section 7.02. Absence of Duties. Except in accordance with written instructions, requests or consents furnished pursuant to Sections 6.01, 6.02 or 9.01 and except as provided in, and without limiting the generality of, Section 6.04, the Collateral Agent shall have no duty (a) to see to any recording or filing of this C Mortgage or any other document, or to see to the maintenance of any such recording or filing, (b) to see to any insurance on any Aircraft, Engine or Spare Engine or to effect or maintain any such insurance, whether or not the Company shall be in default with respect thereto, (c) to confirm, verify or inquire into the failure to receive any financial statements of the Company, (d) to inspect any Spare Engine at any time or ascertain or inquire as to the performance or observance of any of the Company's covenants under this C Mortgage with respect to any Aircraft, Engine or Spare Engine or (e) to give any consent, make any election or determination or exercise any discretion, it being understood that, except as otherwise expressly provided herein, the duties of the Collateral Agent hereunder, under the Indenture and under any other Transaction Document shall be wholly ministerial in nature.

Section 7.03. No Representations or Warranties as to any Collateral or Documents. The Collateral Agent shall not be deemed to have made any representation or warranty as to the validity, legality or enforceability of this C Mortgage, the Indenture, the Securities, any C Mortgage Supplement, any other Transaction Document or any other document or instrument, or as to the correctness of any statement (other than a statement by the Collateral Agent) contained herein or therein.

Section 7.04. No Segregation of Moneys; No Interest. Subject to Section 7.08, no moneys received by the Collateral Agent hereunder need be segregated in any manner except to the extent required by law, and any such moneys may be deposited under such general conditions for the holding of trust funds as may be prescribed by law applicable to the Collateral Agent, and, except as otherwise provided herein or as agreed in writing by the Collateral Agent, the Collateral Agent shall not be liable for any interest thereon; provided that any payments received or applied hereunder by the Collateral Agent shall be accounted for by the Collateral Agent so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

Section 7.05. Reliance; Advice of Counsel. The Collateral Agent shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by the Collateral Agent to be genuine and reasonably believed by it to be signed by the proper party or parties as provided in Section 7.02 of the Indenture.

Section 7.06. Capacity in Which Acting. The Collateral Agent has entered into this C Mortgage in its capacity as agent for the other Secured Parties. In performing its functions and duties hereunder, the Collateral Agent shall act solely as an agent of the other Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Company or any of its successors and assigns.

Section 7.07. Compensation and Reimbursement. The Company agrees:

(a) to pay to the Collateral Agent from time to time reasonable compensation for all services rendered by it hereunder, under the Indenture or under any other Transaction Document as separately agreed between them; and

(b) except as otherwise expressly provided herein, to reimburse the Collateral Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Collateral Agent in accordance with any provision of this C Mortgage, the Indenture or any other Transaction Document (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence or bad faith.

provided that, the Collateral Agent agrees that it shall have no rights against the Holders for any fee as compensation for its services as collateral agent under this C Mortgage.

Section 7.08. Investment of Security Funds. Any monies paid to or received by the Collateral Agent which are required to be paid to the Company or applied for the benefit of the Company, but which the Collateral Agent is entitled to hold under the terms hereof pending the occurrence of some event or the performance of some act (including, without limitation, the remedying of a Special Default or an Event of Default), shall, until paid to the Company or applied as provided herein, be invested by the Collateral Agent at the written authorization and direction of the Company (except when a Special Default or an Event of Default has occurred and is continuing or when the Company fails to give the Collateral Agent such written authorization and direction, during which time the Collateral Agent shall invest such funds in accordance with its automated cash investment system) from time to time at the sole expense and risk of the Company in Investment Securities. All Investment Securities held by the Collateral Agent shall either be (a) registered in the name of, payable to the order of, or specially endorsed to, the Collateral Agent or (b) held in an Eligible Account. There shall be remitted to the Company any gain (including interest received) realized as the result of any such investment (net of any fees, commissions, other expenses or losses, if any, incurred in connection with such investment) unless a Special Default or an Event of Default shall have occurred and be continuing. The Collateral Agent shall not be liable for any loss relating to any Investment Security made pursuant to this Section 7.08. The Company will promptly pay to the Collateral Agent, on demand, the amount of any loss (net of any gains, including interest received) realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment).

ARTICLE VIII**SUPPLEMENTS AND AMENDMENTS TO THIS MORTGAGE
AND OTHER DOCUMENTS**

Section 8.01. Amendments. Except as set forth in Section 8.02, no amendment or modification hereof shall be effective unless signed by the Company and the Collateral Agent (at the written direction of the Trustee).

Section 8.02. No Request Necessary for a C Mortgage Supplement. No written request or consent of the Holders or the Trustee shall be required to enable the Collateral Agent to execute and deliver a C Mortgage Supplement specifically required by the terms hereof, the Indenture or any other Transaction Document.

ARTICLE IX**MISCELLANEOUS**

Section 9.01. Termination of C Mortgage. Upon (or at any time after) payment in full of the Secured Obligations (provided that no Default or Event of Default shall have occurred and be continuing), then upon request of the Company, the Collateral Agent shall execute and deliver to or as directed in writing by the Company an appropriate instrument furnished to it by the Company releasing the Aircraft, Engines and Spare Engines, as the case may be, and all other Collateral from the Lien of the C Mortgage and, in such event, this C Mortgage shall terminate and be of no further force or effect; provided that, this C Mortgage and the Lien created hereby shall earlier terminate and this C Mortgage shall be of no further force or effect upon any sale or other final disposition by the Collateral Agent of all property constituting part of the Collateral and the final distribution by the Collateral Agent of all monies or other property or proceeds constituting part of the Collateral in accordance with the terms hereof. In connection with any release of the Collateral pursuant to the first sentence of this Section 9.01, the Collateral Agent shall, at the Company's expense, procure the discharge of the Lien (including any International Interests) granted under this C Mortgage in the Aircraft, Engines and Spare Engines, as the case may be. Except as aforesaid otherwise provided and as provided elsewhere herein, this C Mortgage and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

Section 9.02. Bankruptcy. It is the intention of the parties that the Collateral Agent shall be entitled to the benefits of Section 1110 with respect to the financing of any Aircraft, Engines or Spare Engines under the Indenture and the other Transaction Documents in the event of a case under Chapter 11 of the Bankruptcy Code in which the Company is a debtor, and in any instance where more than one construction is possible of the terms and conditions hereof, the Indenture or any other pertinent Transaction Document, each such party agrees that a construction which would preserve such benefits shall control over any construction which would not preserve such benefits.

Section 9.03. No Legal Title to Collateral in Secured Parties. No Secured Party shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of a Security or other right, title and interest of any Secured Party in and to the Collateral or hereunder shall operate to terminate this C Mortgage or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Collateral.

Section 9.04. Sale of Collateral by Collateral Agent Is Binding. Any sale or other conveyance of the Collateral, or any part thereof (including any part thereof or interest therein), by the Collateral Agent made pursuant to the terms of this C Mortgage shall bind the Secured Parties and shall be effective to transfer or convey all right, title and interest of the Collateral Agent, the Company, and the other Secured Parties in and to such Collateral or part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Collateral Agent.

Section 9.05. C Mortgage for Benefit of the Company, Collateral Agent and Secured Parties. Nothing in this C Mortgage, whether express or implied, shall be construed to give any Person other than the Company, the Collateral Agent and the other Secured Parties any legal or equitable right, remedy or claim under or in respect of this C Mortgage, except that the Persons referred to in the last paragraph of Section 3.02(b) shall be third party beneficiaries of such paragraph.

Section 9.06. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers or documents provided or permitted by this C Mortgage to be made, given, furnished or filed shall be in writing in the English language, personally delivered, sent by recognized overnight carrier or mailed by certified mail, postage prepaid, or by facsimile, and (i) if to the Company, addressed to it at 77 W. Wacker Drive, Chicago, Illinois 60601, Attention: Vice President and Treasurer, facsimile: (312) 997-8333 or (ii) if to the Collateral Agent or the Trustee, addressed to it at its office 299 South Main Street, Salt Lake City, UT 84111, Attention: Corporate Trust Services, facsimile number (801) 246-5053. Whenever any notice in writing is required to be given by the Company or the Collateral Agent to the other of them, such notice shall be deemed given and such requirement satisfied when such notice is received at such address. Any of the foregoing Persons may change the address or telefax number to which notices to such party will be sent by giving notice of such change to the other Persons.

Section 9.07. Severability. Any provision of this C Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, to the fullest extent permitted by law. Any such prohibition or unenforceability in any particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, to the fullest extent permitted by law.

Section 9.08. No Oral Modification or Continuing Waivers. No term or provision of this C Mortgage may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Company and the Collateral Agent. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 9.09. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, each of the parties hereto, the other Secured Parties and the permitted successors and assigns of each, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any Secured Party shall bind the successors and assigns of such Secured Party.

Section 9.10. Headings. The headings of the various Articles and sections herein and in the table of contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 9.11. Governing Law; Submission to Jurisdiction; Venue.

(a) THIS C MORTGAGE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY. Any legal action or proceeding with respect to this C Mortgage may be brought in the courts of the State of New York or the United States for the Southern District of New York located in the Borough of Manhattan, and, by execution and delivery of this C Mortgage, each party hereto hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. Each party hereto hereby further irrevocably waives any claim that any such courts lack jurisdiction over such party, and agrees not to plead or claim, in any legal action or proceeding with respect to this C Mortgage brought in any of the aforesaid courts, that any such court lacks jurisdiction over such party. Each party hereto further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address specified pursuant to Section 9.06, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of either party hereto to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any other party hereto in any other jurisdiction.

(b) Each party hereto hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this C Mortgage brought in the courts referred to in clause (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 9.12. Waiver of Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, OR IN CONNECTION WITH, THIS C MORTGAGE OR ANY MATTER ARISING HEREUNDER.

Section 9.13. Counterparts. This C Mortgage may be executed by the parties hereto in separate counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this C Mortgage to be duly executed by their respective officers thereof duly authorized as of the day and year first above written.

UNITED AIR LINES, INC.

By: /s/ Stephen R. Lieberman
Name: Stephen R. Lieberman
Title: Vice President and Treasurer

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ David Wall
Name: David Wall
Title: Assistant Vice President

ANNEX A

DEFINED TERMS

“**Act**” means part A of subtitle VII of title 49, United States Code.

“**Additional Insured**” means the Trustee, the Collateral Agent and each Holder.

“**Agreed Value**” has the meaning set forth on Schedule 2 hereto.

“**Aircraft**” shall mean an Airframe (or any Replacement Airframe), together with its related Engines, whether or not any of such Engines may from time to time be installed on such Airframe or on any other Airframe or airframe.

“**Aircraft Documents**” means all technical data, manuals and log books, and all inspection, modification and overhaul records and other service, repair, maintenance and technical records that are required by (i) the FAA per Federal Aviation Regulation FAR 121.380A (or successor regulation) and any other relevant regulation promulgated by the FAA which is applicable to Company as an operator under Federal Aviation Regulation FAR 121 or (ii) the relevant Aviation Authority, to be transferred with respect to the Aircraft, Airframes, Engines or Parts; and such term shall include all additions, renewals, revisions and replacements of any such materials from time to time made prior to the release of the Lien of the C Mortgage, or required to be made prior to the release of the Lien of the Indenture, by the regulations of the FAA or the relevant Aviation Authority, and in each case in whatever form and by whatever means or medium (including, without limitation, paper, CD-ROM or computer disk) such materials may be maintained or retained by or on behalf of Company (provided, that all such materials shall be maintained in the English language).

“**Airframe**” means (a) an aircraft (excluding Engines or engines from time to time installed thereon) identified by airframe manufacturer’s model number, United States registration number and airframe manufacturer’s serial number set forth in the initial C Mortgage Supplement for such Airframe and any Replacement Airframe and (b) any and all Parts. Upon substitution of a Replacement Airframe under and in accordance with the C Mortgage, such Replacement Airframe shall become subject to the C Mortgage and shall be an “Airframe” for all purposes of the C Mortgage and the other Transaction Documents and thereupon the Airframe for which the substitution is made shall no longer be subject to the C Mortgage, and such replaced Airframe shall cease to be an “Airframe.”

“**Aviation Authority**” means the FAA or, if any Aircraft is permitted to be, and is, registered with any other Government Entity under and in accordance with Section 3.02(d) of the C Mortgage and Annex C to the C Mortgage, such other Government Entity.

“**C Mortgage**” means this C Mortgage and Security Agreement.

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“**C Mortgage Supplement**” means a C Mortgage Supplement, substantially in the form of Exhibit A to this C Mortgage, with appropriate modifications to reflect the purpose for which it is being used.

“**Cape Town Convention**” shall mean the official English language texts of the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment which were signed in Cape Town, South Africa on November 16, 2001 as in effect in the United States.

“**Closing Date**” shall mean each date of a C Mortgage Supplement.

“**CRAF**” means the Civil Reserve Air Fleet Program established pursuant to 10 U.S.C. Section 9511-13 or any similar substitute program.

“**Default**” means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

“**Eligible Account**” means an account established by and with an Eligible Institution at the request of the Collateral Agent, which institution agrees, for all purposes of the UCC including Article 8 thereof, that (a) such account shall be a “securities account” (as defined in Section 8-501 of the UCC), (b) such institution is a “securities intermediary” (as defined in Section 8-102(a)(14) of the UCC), (c) all property (other than cash) credited to such account shall be treated as a “financial asset” (as defined in Section 8-102(9) of the UCC), (d) the Collateral Agent shall be the “entitlement holder” (as defined in Section 8-102(7) of the UCC) in respect of such account, (e) it will comply with all entitlement orders issued by the Collateral Agent to the exclusion of the Company, (f) it will waive or subordinate in favor of the Collateral Agent all claims (including, without limitation, claims by way of security interest, lien or right of set-off or right of recoupment) and (g) the “securities intermediary jurisdiction” (under Section 8-110(e) of the UCC) shall be the State of New York.

“**Eligible Institution**” means the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating from Moody’s of at least A3 or its equivalent and from S&P of at least A- or its equivalent.

“**Engine**” means (a) each of the engines identified by engine manufacturer’s model number and engine manufacturer’s serial number set forth in the initial C Mortgage Supplement for such Engine or related Aircraft, and any Replacement Engine, in any case whether or not from time to time installed on an Airframe or installed on any other airframe or aircraft, and (b) any and all Parts. Upon substitution of a Replacement Engine under and in accordance with the C Mortgage, such Replacement Engine shall become subject to the C Mortgage and shall be an “Engine” for all purposes of the C Mortgage and the other Transaction Documents and thereupon the Engine for which the substitution is made shall no longer be subject to the C Mortgage, and such replaced Engine shall cease to be an “Engine.”

“**Event of Default**” has the meaning set forth in Section 6.01 of the Indenture.

“**Event of Loss**” means, with respect to any Aircraft, Airframe or any Engine or Spare Engine, any of the following circumstances, conditions or events with respect to such property, for any reason whatsoever:

- (a) the destruction of such property, damage to such property beyond economic repair or rendition of such property permanently unfit for normal use;
- (b) the actual or constructive total loss of such property or any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss or constructive or compromised total loss;
- (c) any theft, hijacking or disappearance of such property for a period of 180 consecutive days or more;
- (d) any seizure, condemnation, confiscation, taking or requisition (including loss of title) of such property by any Government Entity or purported Government Entity (other than a requisition of use by the U.S. Government or any government of registry of the Aircraft or agency or instrumentality thereof) for a period exceeding 180 consecutive days;
- (e) as a result of any law, rule, regulation, order or any other action by the Aviation Authority or by any Government Entity of the government of registry of the Aircraft or by any Government Entity otherwise having jurisdiction over the operation or use of any Aircraft, the use of such property in the normal course of Company’s business of passenger air transportation is prohibited for a period of 180 consecutive days, unless Company (or any Permitted Lessee), prior to the expiration of such 180-day period, shall have undertaken and shall be diligently carrying forward such steps as may be necessary or desirable to permit the normal use of such property by Company, but in any event if such use shall have been prohibited for a period of two consecutive years, provided that no Event of Loss shall be deemed to have occurred if such prohibition has been applicable to Company’s entire U.S. fleet of such property and Company (or such Permitted Lessee), prior to the expiration of such two-year period, shall have conformed at least one unit of such property in its fleet to the requirements of any such law, rule, regulation, order or other action and commenced regular commercial use of the same in such jurisdiction and shall be diligently carrying forward, in a manner which does not discriminate against such property in so conforming such property, steps which are necessary or desirable to permit the normal use of such Aircraft by Company, but in any event if such use shall have been prohibited for a period of three years; or
- (f) the requisition for the use by any government of registry of any Aircraft (other than the U.S. Government) or any instrumentality or agency thereof, which shall have occurred and shall have continued for more than 180 days.

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An Event of Loss with respect to an Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to an Airframe.

“**FAA**” means the Federal Aviation Administration of the United States or any Government Authority succeeding to the functions of such Federal Aviation Administration.

“**FAA Filed Documents**” means the C Mortgage and any C Mortgage Supplement thereto.

“**FAA Regulations**” means the Federal Aviation Regulations issued or promulgated pursuant to the Act from time to time.

“**Government Entity**” means (a) any federal, state, provincial or similar government, and any body, board, department, commission, court, tribunal, authority, agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (b) any other government entity having jurisdiction over any matter contemplated by the Transaction Documents or relating to the observance or performance of the obligations of any of the parties to the Transaction Documents.

“**International Interest**” is defined in the Cape Town Convention.

“**International Registry**” means the international registry located in Dublin, Ireland, established pursuant to the Cape Town Convention.

“**Investment Security**” means (a) any bond, note or other obligation which is a direct obligation of or guaranteed by the U.S. or any agency thereof; (b) any obligation which is a direct obligation of or guaranteed by any state of the U.S. or any subdivision thereof or any agency of any such state or subdivision, and which has the highest rating published by Moody’s or S&P; (c) any commercial paper issued by a U.S. obligor and rated at least P-1 by Moody’s or A-1 by S&P; (d) any money market investment instrument relying upon the credit and backing of any bank or trust company which is a member of the Federal Reserve System and which has a combined capital (including capital reserves to the extent not included in capital) and surplus and undivided profits of not less than \$250,000,000 (including the Collateral Agent and its Affiliates if such requirements as to Federal Reserve System membership and combined capital and surplus and undivided profits are satisfied), including, without limitation, certificates of deposit, time and other interest-bearing deposits, bankers’ acceptances, commercial paper, loan and mortgage participation certificates and documented discount notes accompanied by irrevocable letters of credit and money market fund investing solely in securities backed by the full faith and credit of the United States; or (e) repurchase agreements collateralized by any of the foregoing.

“**Indenture**” means the “Indenture” as described in the first WHEREAS clause to this C Mortgage.

“**Law**” means (a) any constitution, treaty, statute, law, decree, regulation, order, rule or directive of any Government Entity, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

“**Lien**” means any mortgage, lien, pledge, charge, claim, encumbrance, lease or other security interest or any preferential arrangement that has the practical effect of creating a security interest.

“**Minimum Liability Insurance Amount**” has the meaning set forth on Schedule 2 hereto.

“**Parts**” means all appliances, parts, components, instruments, appurtenances, accessories, furnishings, seats and other equipment of whatever nature (excluding (a) Spare Engines, Engines or engines, (b) any items leased by Company from a third party, (c) Passenger Convenience Equipment and (d) cargo containers) that may from time to time be installed or incorporated in or attached or appurtenant to any Airframe or any Engine or any Spare Engine, and any of the foregoing removed from the Airframe or any Engine or any Spare Engine unless title thereto shall cease to be vested in Company or the Lien of the C Mortgage shall not be applicable to such Part, in each case, in accordance with Section 3.04 of the C Mortgage.

“**Passenger Convenience Equipment**” means components or systems installed on or affixed to an Airframe that are used to provide telecommunications services or electronic entertainment to passengers aboard an Aircraft.

“**Paying Agent**” has the meaning assigned thereto in Section 2.03 of the Indenture.

“**Permitted Air Carrier**” means (i) any manufacturer of airframes or aircraft engines, or any Affiliate of a manufacturer of airframes or aircraft engines, (ii) any Permitted Foreign Air Carrier, (iii) any person approved in writing by the Trustee or (iv) any U.S. Certificated Air Carrier.

“**Permitted Country**” means any country listed on Schedule 1 to the C Mortgage.

“**Permitted Foreign Air Carrier**” means any air carrier with its principal executive offices in any Permitted Country and which is authorized to conduct commercial airline operations and to operate jet aircraft similar to an Aircraft under the applicable Laws of such Permitted Country.

“**Permitted Lease**” is a lease permitted under Section 3.02(b)(ix) hereof.

“**Permitted Lessee**” has the meaning set forth in Section 3.02(b)(ix) hereof.

“**Permitted Lien**” means (a) the rights of Collateral Agent under the Transaction Documents, or of any Permitted Lessee under any Permitted Lease; (b) Liens attributable to Collateral Agent; (c) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 3.02(b) of the C Mortgage; (d) Liens of Taxes of the

Company (and its U.S. federal tax law consolidated group) or which are assessed with respect to or against any Aircraft or Spare Engine, either not yet delinquent or being contested in good faith by appropriate proceedings so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of any Aircraft, any Airframe, or any Engine or Spare Engine or the interest of Collateral Agent therein or impair the Lien of the C Mortgage;

(e) materialmen's, mechanics', workers', repairers', employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent for more than 60 days or is being contested in good faith by appropriate proceedings, so long as such Liens and such proceedings do not involve any material risk of the sale, forfeiture or loss of any Aircraft, any Airframe, or any Engine or the interest of Collateral Agent therein or impair the Lien of the C Mortgage; (f) Liens arising out of any judgment or award against Company (or any Permitted Lessee), so long as such judgment shall, within 60 days after the entry thereof, have been discharged or vacated, or execution thereof stayed pending appeal or shall have been discharged, vacated or reversed within 60 days after the expiration of such stay, and so long as during any such 60 day period there is not, or any such judgment or award does not involve, any material risk of the sale, forfeiture or loss of any Aircraft, any Airframe, or any Engine or the interest of Collateral Agent therein or impair the Lien of the C Mortgage; (g) salvage or similar rights of insurers under policies required to be maintained by Company under Section 3.06 of the C Mortgage; and (h) any other Lien with respect to which Company (or any Permitted Lessee) shall have provided a bond, cash collateral or other security adequate in the reasonable opinion of Collateral Agent.

“Pledged Agreement” means each contract, agreement or instrument included in the Collateral.

“Replacement Airframe” means any airframe substituted for an Airframe pursuant to Article III of the C Mortgage.

“Replacement Engine” means an engine substituted for an Engine or Spare Engine, as the case may be, pursuant to Article III of the C Mortgage.

“SEC” means the Securities and Exchange Commission of the United States, or any Government Entity succeeding to the functions of such Securities and Exchange Commission.

“Secured Obligations” means the “Obligations” as defined in the Indenture.

“Securities Account” is defined in Section 2.16 of the Indenture.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Intermediary” is defined in Section 2.16 of the Indenture.

“Spare Engine” means each of the engines identified by the engine manufacturer's model number and serial number set forth in the initial C Mortgage Supplement for such Spare Engine and any Replacement Engine and any and all Parts. Upon substitution of a Replacement Engine under and in accordance with the C Mortgage, such Replacement Engine shall become

subject to the C Mortgage and shall be a “Spare Engine” for all purposes of the C Mortgage and the other Transaction Documents and thereupon the Spare Engine for which the substitution is made shall no longer be subject to the C Mortgage, and such replaced Spare Engine shall cease to be an “Spare Engine.”

“**Spare Engine Documents**” means all technical data, manuals and log books, and all inspection, modification and overhaul records and other service, repair, maintenance and technical records that are required by (i) the FAA per Federal Aviation Regulation FAR 121.380A (or successor regulation) and any other relevant regulation promulgated by the FAA which is applicable to Company as an operator under Federal Aviation Regulation FAR 121 or (ii) the relevant Aviation Authority, to be transferred with respect to the Spare Engine; and such term shall include all additions, renewals, revisions and replacements of any such materials from time to time made prior to the release of the Lien of the C Mortgage, or required to be made prior to the release of the Lien of the Indenture, by the regulations of the FAA or the relevant Aviation Authority, and in each case in whatever form and by whatever means or medium (including, without limitation, paper, CD-ROM or computer disk) such materials may be maintained or retained by or on behalf of Company (provided, that all such materials shall be maintained in the English language).

“**Special Default**” means the occurrence of any Default referred to in Section 6.01(i), (ii), (ix) and (x) of the Indenture.

“**United States**” or “**U.S.**” means the United States of America; provided that for geographic purposes, “United States” means, in aggregate, the 50 States and the District of Columbia of the United States of America.

“**U.S. Certificated Air Carrier**” means any United States air carrier that is a Citizen of the United States holding an air carrier operating certificate issued pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

“**U.S. Government**” means the federal government of the United States, or any instrumentality or agency thereof the obligations of which are guaranteed by the full faith and credit of the federal government of the United States.

“**Wet Lease**” means any arrangement whereby Company (or any Permitted Lessee) agrees to furnish an Airframe and Engines or engines installed thereon to a third party pursuant to which the Airframe and such Engines or engines (i) shall remain in the operational control of Company (or such Permitted Lessee) and (ii) shall be maintained, insured and otherwise used and operated in accordance with the terms and provisions of the C Mortgage.

RULES OF CONSTRUCTION

Unless the context otherwise requires: (1) a term has the meaning assigned to it; (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP; (3) “or” is not exclusive; (4) words in the singular include the plural, and in the plural include the singular; (5) words implying any gender shall apply to all genders and (6) “including” means including without limitation.

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ANNEX B**INSURANCE****A. Bodily Injury Liability and Property Damage Liability Insurance.**

1. Except as provided in paragraph 2 of this Section A or Section 3.06(c) of the C Mortgage, and subject to the self insurance to the extent permitted by Section D hereof, Company will at all times carry and maintain or cause to be carried and maintained, at no expense to any Additional Insured, on a non-discriminatory basis, comprehensive airline liability insurance, including passenger legal liability, bodily injury liability, property damage liability and contractual liability (exclusive of manufacturer's product liability insurance and including, without limitation, aircraft liability war risk and allied perils insurance, if and to the extent the same is maintained by Company (or Permitted Lessee) with respect to other aircraft owned or leased, and operated by Company (or Permitted Lessee) on the same routes) with respect to the Aircraft and Spare Engine, as applicable, (a) in an amount per occurrence not less than the greater of (x) the amount of comprehensive airline legal liability insurance from time to time applicable to aircraft owned or leased and operated by Company of the same type and operating on similar routes as the Aircraft and (y) the Minimum Liability Insurance Amount, (b) of the type and covering the same risks as from time to time applicable to aircraft and engines operated by the Company (or any Permitted Lessee) of the same type which comprise the Company's (or such Permitted Lessee's) fleet and (c) which is maintained in effect with insurers or reinsurers of recognized responsibility. The Company need not maintain cargo liability insurance with respect to the Aircraft, or may maintain such insurance in an amount less than the Minimum Liability Insurance Amount, as long as the amount of cargo liability insurance, if any, maintained with respect to an Aircraft is the same as the amount of such coverage which is maintained by the Company for other aircraft owned or leased, and operated, by the Company, operating on the same or similar routes.

2. During any period that an Aircraft, an Engine or a Spare Engine is on the ground and not in operation, the Company may carry or cause to be carried as to such non-operating property, in lieu of the insurance required by paragraph 1 above, and subject to the self-insurance to the extent permitted by Section D hereof, insurance otherwise conforming to the provisions of said paragraph 1 except that (a) the amounts of coverage shall not be required to exceed the amounts of bodily injury liability and property damage liability insurance from time to time applicable to aircraft or engines, as the case may be, owned or leased by the Company (or any Permitted Lessee) of the same or similar type as the Aircraft, Engine or a Spare Engine, as the case may be, and which are on the ground and not in operation and (b) the scope of the risks covered and the type of insurance shall be the same as from time to time shall be applicable to aircraft or engines, as the case may be, owned or leased by the Company (or any Permitted Lessee) of the same or similar type and which are on the ground and not in operation.

ANNEX B

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B. Insurance Against Loss or Damage to the Aircraft.

1. Except as provided in paragraph 2 of this Section B or Section 3.06(c) of the C Mortgage, and subject to the provisions of Section D hereof permitting self-insurance, Company shall at all times carry and maintain or cause to be carried and maintained, at no expense to any Additional Insured, in effect with insurers or reinsurers of recognized responsibility all-risk aircraft hull insurance covering the Aircraft and Spare Engine and all-risk aircraft hull insurance covering Engines and Parts while temporarily removed from the Aircraft or another Aircraft in the Company's fleet and not replaced by similar components (including, without limitation, aircraft hull war risk and allied perils insurance, if and to the extent the same is maintained by Company (or any Permitted Lessee) with respect to other aircraft and engines owned or leased, and operated by Company (or such Permitted Lessee) on the same routes); provided, that the foregoing insurance shall at all times while the Aircraft and Spare Engines, as applicable, is subject to this C Mortgage be for an amount (taking into account self-insurance to the extent permitted by Section D) not less than the Agreed Value; provided, that such all-risk property damage insurance covering Parts while temporarily removed from any Aircraft or any Engine need be obtained only to the extent available at a reasonable cost (as reasonably determined by the Company). In the case of a loss with respect to an engine (other than an Engine or Spare Engine) installed on an Airframe, Collateral Agent shall promptly remit any payment made to it of any insurance proceeds in respect of such loss to Company or any third party that is entitled to receive such proceeds.

All losses will be adjusted by Company with the insurers; provided, however, that during a period when any Special Default or Event of Default shall have occurred and be continuing, Company shall not agree to any such adjustment without the consent of the Collateral Agent.

The insurance payments for any property damage loss to any Airframe or any Engine or Spare Engine not constituting an Event of Loss with respect thereto shall be paid, to the extent such proceeds are not paid by the insurer(s) directly to the person effecting the repair, as follows: all payments in respect of (i) losses on any Engine (under circumstances in which an Event of Loss with respect to an Airframe has not occurred) or Spare Engine less than or equal to \$2,500,000 and (ii) any other losses less than or equal to \$5,000,000, in each case, shall be paid to the Company (or any Permitted Lessee if directed by the Company), and (x) all payments with respect to losses on any Engine (under circumstances in which an Event of Loss with respect to an Airframe has not occurred) or Spare Engine greater than \$2,500,000 up to an amount equal to the Agreed Value, (y) all payments with respect to any other losses greater than \$5,000,000 up to an amount equal to the Agreed Value and (z) all payments with respect to losses received while a Special Default or Event of Default shall have occurred and be continuing, in each case, shall be paid to Collateral Agent, to be held as collateral security for the Company's obligations hereunder, and, to the extent not theretofore applied as provided in the C Mortgage, applied to reimburse the Company for accomplishing repairs and/or replacements as required, or to pay suppliers directly for such repairs and/or replacements as directed by the Company (or any Permitted Lessee if directed by the Company). In the case of any payment to Collateral Agent (other than in respect of an Event of Loss of an Aircraft) Collateral Agent shall, upon receipt of evidence reasonably satisfactory to it that the damage giving rise to such

ANNEX B

Page 2

payment shall have been repaired or that such payment shall then be required to pay for repairs then being made or the replacement of the Engine suffering the Event of Loss, pay the amount of such payment, and, to the extent not theretofore applied as provided in the C Mortgage, any interest or income earned thereon, to the Company or its order.

2. During any period that an Aircraft is on the ground and not in operation, the Company may carry or cause to be carried, in lieu of the insurance required by paragraph 1 above, and subject to the self-insurance to the extent permitted by Section D hereof, insurance otherwise conforming with the provisions of said paragraph 1 except that the scope of the risks and the type of insurance shall be the same as from time to time applicable to aircraft owned or leased and operated by the Company (or any Permitted Lessee) of the same type similarly on the ground and not in operation, provided that, subject to the self-insurance to the extent permitted by Section D hereof, the Company shall maintain or cause to be maintained insurance against risk of loss or damage to an Aircraft in an amount at least equal to the Agreed Value during such period that such Aircraft is on the ground and not in operation.

C. Reports, Etc. The Company will furnish, or cause to be furnished, to Collateral Agent on or before the Closing Date and annually on or before the renewal dates of the Company's (or the Permitted Lessee's) relevant insurance policies, a report, signed by AON Risk Services of Illinois, Inc., or any other recognized independent firm of insurance brokers selected by the Company, which brokers may be regularly retained by the Company or any Permitted Lessee (the "**Insurance Broker**"), describing in reasonable detail the commercial hull and liability insurance then carried and maintained with respect to the Aircraft and stating the opinion of such firm that, to its knowledge, such commercial insurance complies with the terms of this Annex B provided, however, that such opinion shall not be required if the then Insurance Broker generally does not provide such an opinion or will provide such an opinion only for material additional cost. To the extent such agreement is reasonably obtainable, the Company will cause the Insurance Broker to agree to advise the Collateral Agent in writing of any default in the payment of premium and of any other act or omission on the part of the Company (or any Permitted Lessee) of which it has actual knowledge and which will invalidate or render unenforceable, in whole or in part, any commercial insurance as required by the terms hereof or cause the cancellation, termination or interruption of such insurance and to advise Collateral Agent at least thirty (30) days (seven (7) days in the case of war risk and allied perils insurance and ten (10) days in the case of nonpayment of premium) prior to the cancellation, lapse or material adverse change of any insurance maintained pursuant to this Annex B, provided that, if the notice period set forth above is not reasonably obtainable, the Insurance Broker shall provide for such shorter or longer period as may be obtainable in the international insurance market. In the event that the Company shall fail to maintain or cause to be maintained insurance as herein provided, Collateral Agent may, at its sole option, provide such insurance and, in such event, the Company shall, upon demand, reimburse Collateral Agent for the cost thereof.

D. Self-Insurance. Company may self-insure, by way of deductible, premium adjustment provisions in insurance policies, or otherwise (including, by insurance for a maximum amount that is less than the amounts specified above), under a program applicable to all aircraft in the Company's fleet, the risks required to be insured against pursuant to Sections A

and B hereof but in no case shall the self-insurance with respect to all of the aircraft in the Company's fleet exceed the lesser of (x) 100% of the largest replacement value of any single aircraft in Company's fleet or (y) 1.5% of the average aggregate insurable value (during the preceding calendar year) of all aircraft on which Company carries insurance, unless the Insurance Broker shall certify that the standard among major U.S. airlines is a higher level of self-insurance, in which case Company may self-insure the Aircraft to such higher level; provided, however, that nothing contained in this Section D limiting Company's right to self-insure shall be deemed to apply to any mandatory minimum per aircraft (or, if applicable, per policy period or per annum), hull or liability insurance deductible imposed by hull or liability insurers that do not exceed industry standards for major U.S. airlines.

E. Terms of Insurance Policies. Any policies carried in accordance with Sections A and B hereof covering the Aircraft, and any policies taken out in substitution or replacement for any such policies, as applicable, (1) shall name the Additional Insureds as additional insureds, as their interests may appear, (2) shall name the Collateral Agent as sole loss payee to the extent provided in clause (12) below, (3) may provide for self-insurance to the extent permitted in Section D, (4) shall provide that if the insurers cancel such insurance for any reason whatsoever, or the same is allowed to lapse for nonpayment of premium or if any material change is made in the insurance which adversely affects the interest of any Additional Insured, such cancellation, lapse, or change shall not be effective as to the Additional Insureds for thirty (30) days (or ten (10) days in the case of nonpayment of premium) after sending to (but, in the case of war risk and allied perils coverage, seven (7) days after sending to) the Additional Insureds of written notice by such insurers of such cancellation or change (or, if the case of war risk and allied perils insurance underwritten by the FAA, seven days after publication in the Federal Register), provided, however, that if, in respect of the war risk and allied perils coverage, such policies shall provide for such shorter period as may be available in the international insurance market, (5) shall provide that in respect of the Additional Insureds' respective interests in such policies the insurance shall not be invalidated by any action or inaction of the Company (or any Permitted Lessee) and shall insure the respective interests of the Additional Insureds regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Company (or any Permitted Lessee), (6) shall be primary without any right of contribution from any other insurance which is carried by any Additional Insured, (7) shall expressly provide that all of the provisions thereof, except the limits of liability and agreed value, shall operate in the same manner as if a separate policy covered each insured, (8) shall waive any right of subrogation of the insurers against the Additional Insureds to the same extent Company has agreed in the Operative Agreements to indemnify the Additional Insureds and shall waive any right of the insurers to set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Additional Insured, (9) shall provide that losses (other than for total loss of the Aircraft) shall be adjusted with the Company (or, if a Special Default or an Event of Default shall have occurred which is continuing, with the Collateral Agent), (10) shall provide that the Additional Insureds are not liable for any insurance premiums, (11) shall be effective with respect to both domestic and international operations, (12) shall provide that for any loss not constituting an Event of Loss (i) except as specified in clause (iii) below, in the event of (x) a loss in respect of an Engine (under circumstances in which an Event of Loss with respect to an Airframe has not occurred) or a Spare Engine involving proceeds in

excess of \$2,500,000 or (y) any other loss involving proceeds in excess of \$5,000,000, in each case, all proceeds in respect of such loss up to the amount of the Agreed Value shall, to the extent such proceeds are not paid by the insurer(s) directly to the person effecting the repair, be payable to the Collateral Agent to be held by the Collateral Agent (whether such payment is made to the Company (or any Permitted Lessee) or any third party), it being understood and agreed that in the case of any payment to the Collateral Agent otherwise than in respect of an Event of Loss of the Aircraft, the Collateral Agent shall, upon receipt of evidence reasonably satisfactory to it that the damage giving rise to such payment shall have been repaired or that such payment shall then be required to pay for repairs then being made or the replacement of the Engine suffering the Event of Loss, pay the amount of such payment, to the extent not theretofore applied as provided in the C Mortgage, and any interest or income earned thereon, to the Company or its order, (ii) except as specified in the following clause (iii), all proceeds of (x) a loss in respect of an Engine (under circumstances in which an Event of Loss with respect to an Airframe has not occurred) or a Spare Engine of \$2,500,000 or less or (y) any other loss of \$5,000,000 or less, in each case, regardless of the total amount of proceeds resulting from such loss) and any proceeds of any loss in excess of the Agreed Value shall be paid to the Company or its order and (iii) notwithstanding anything to the contrary contained in the preceding clauses (i) and (ii), if a Special Default or Event of Default shall have occurred and be continuing and the insurers have been notified thereof by Collateral Agent, all proceeds of loss shall be paid to the Collateral Agent and (13) if war risk coverage is maintained, shall contain a ^{50/50} clause in accordance with Provisional Claims Settlement Clause AVS103 (or its equivalent).

F. Insurers of Recognized Responsibility. For the purposes of this Annex B, “insurers of recognized responsibility” shall include independent recognized commercial insurance companies and any captive and/or industry-managed insurance company, in each case of recognized responsibility; provided that if the primary insurers are not insurers of recognized responsibility but the relevant insurance policies are reinsured with insurers of recognized responsibility, the obligation of Company hereunder to maintain such insurance with insurers of recognized responsibility shall be deemed satisfied if such insurance shall contain a customary “cut-through” endorsement and shall provide that any payment by the reinsurers shall be made notwithstanding any bankruptcy, insolvency or liquidation of the original insurer and/or that the original insurer has made no payment under the original policies.

ANNEX B

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ANNEX C

FOREIGN REGISTRATION

The Collateral Agent and the Company hereby agree, subject to the provisions of Section 3.02(b) and (d) of the C Mortgage:

(a) that Company shall be entitled to register any Aircraft or cause any Aircraft to be registered in a country other than the United States subject to compliance with the following:

(i) each of the following requirements is satisfied:

(A) no Special Default or Event of Default shall have occurred and be continuing at the time of such registration;

(B) such proposed change of registration is made in connection with a Permitted Lease to a Permitted Air Carrier; and

(C) such country is a country with which the United States then maintains normal diplomatic relations or, if Taiwan, the United States then maintains diplomatic relations at least as good as those in effect on the Closing Date;

(ii) the Collateral Agent shall have received an opinion of counsel (subject to customary exceptions) reasonably satisfactory to the Collateral Agent addressed to the Collateral Agent to the effect that:

(A) such country would recognize the Company's ownership interest in the Aircraft;

(B) after giving effect to such change in registration, the Lien of the C Mortgage on the Company's right, title and interest in and to such Aircraft shall continue as a valid and duly perfected first priority security interest and International Interest and all filing, recording, registrations or other action necessary to protect the same shall have been accomplished (or, if such opinion cannot be given at the time of such proposed change in registration because such change in registration is not yet effective, (1) the opinion shall detail what filing, recording or other action is necessary and (2) the Collateral Agent shall have received a certificate from Company that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be delivered to the Collateral Agent on or prior to the effective date of such change in registration);

(C) unless Company or the Permitted Air Carrier shall have agreed to provide insurance covering the risk of requisition of use of such Aircraft by the government of such country (so long as such Aircraft is registered under the laws of such country), the laws of such country require fair compensation by the government of such country payable in currency freely convertible into Dollars and freely removable from such country (without license or permit, unless Company prior to such proposed reregistration has obtained such license or permit) for the taking or requisition by such government of such use; and

(D) it is not necessary, solely as a consequence of such change in registration and without giving effect to any other activity of the Collateral Agent (or any Affiliate of the Collateral Agent), for the Collateral Agent to qualify to do business in such jurisdiction as a result of such reregistration in order to exercise any rights or remedies with respect to such Aircraft.

(b) In addition, as a condition precedent to any change in registration Company shall have given Collateral Agent assurances reasonably satisfactory to Collateral Agent:

(i) to the effect that the provisions of Section 3.06 of the C Mortgage have been complied with after giving effect to such change of registration;

(ii) of the payment by Company of all reasonable out-of-pocket expenses of the Collateral Agent in connection with such change of registry, including, without limitation (1) the reasonable fees and disbursements of counsel to Collateral Agent, (2) any filing or recording fees, Taxes or similar payments incurred in connection with the change of registration of such Aircraft and the creation and perfection of the security interest therein in favor of Collateral Agent for the benefit of Holders, and (3) all costs and expenses incurred in connection with any filings necessary to continue in the United States the perfection of the security interest in such Aircraft in favor of Collateral Agent; and

(iii) to the effect that the tax and other indemnities in favor of each person named as an indemnitee under any other Transaction Documents afford each such person substantially the same protection as provided prior to such change of registration (or Company shall have agreed upon additional indemnities that, together with such original indemnities, in the reasonable judgment of Collateral Agent, afford such protection);

(c) Collateral Agent agrees that if Company requests a change of registration pursuant to Section 3.02(c) of the C Mortgage and this Annex C, it will take all such action reasonably requested by Company in order to effect such a change in registration, including the execution and delivery of such documents and instruments as may be necessary or advisable in connection therewith; and

(d) Anything to the contrary in the Transaction Documents notwithstanding, each of the parties hereto agrees that so long as the conditions in paragraphs (a) and (b) of this Annex C have been satisfied (including the legal opinion required under Section (a)(ii) above), reregistration of any Aircraft may be effected in a jurisdiction in which (i) such Aircraft is not registered in the name of the Company and/or (ii) the C Mortgage is not recorded of record in such jurisdiction and/or no filing is made in such jurisdiction in respect of the Lien of the C Mortgage. The provisions of this Section (d) of Annex C are not intended to, and shall not, permit the Company to effect any financing of such Aircraft in connection with any such reregistration.

ANNEX C

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**EXHIBIT A
TO
C MORTGAGE AND SECURITY AGREEMENT**

C MORTGAGE AND SECURITY AGREEMENT SUPPLEMENT NO.

This **C MORTGAGE AND SECURITY AGREEMENT SUPPLEMENT NO.** , dated , (herein called this “**C Mortgage Supplement**”) of **UNITED AIR LINES, INC.**, as Company (the “**Company**”).

WITNESSETH:

WHEREAS, the C Mortgage and Security Agreement, dated as of July 2, 2009 (as amended and supplemented to the date hereof, the “**C Mortgage**”) between the Company and Wells Fargo Bank Northwest, National Association, as Collateral Agent (the “**Collateral Agent**”), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft or Spare Engine, as the case may be, and shall specifically mortgage such Aircraft or Spare Engine, as the case may be, to the Collateral Agent; and

WHEREAS, the C Mortgage relates to the Airframe and Engines or Spare Engines described below, and a counterpart of the C Mortgage is attached hereto and made a part hereof and this C Mortgage Supplement, together with such counterpart of the C Mortgage, is being filed for recordation on the date hereof with the FAA as one document;

WHEREAS, the C Mortgage and the C Mortgage Supplements set forth below have been duly recorded with the FAA at Oklahoma City, Oklahoma pursuant to the Act on the following date(s) as a document or conveyance bearing the following number(s):¹

	<u>DATE OF RECORDING</u>	<u>DOCUMENT OR CONVEYANCE NO.</u>
C Mortgage	[-]	[-]

NOW, THEREFORE, this C Mortgage Supplement witnesseth that the Company hereby confirms that the Lien of the C Mortgage on the Collateral covers all of Company’s right, title and interest in and to the following described property:

AIRFRAME

Airframe identified as follows:

<u>Manufacturer</u>	<u>Model</u>	<u>U.S. Registration Number</u>	<u>Manufacturer’s Serial Number</u>

¹ To be included for all C Mortgage Supplements after C Mortgage Supplement No. 1.

together with all of the Company's right, title and interest in and to all Parts of whatever nature, whether now owned or hereinafter acquired and which are from time to time incorporated or installed in or attached to said airframe.

AIRCRAFT ENGINES

Aircraft engines, each such engine being a jet propulsion aircraft engine with at least 1,750 pounds of thrust or the equivalent thereof, identified as follows:

<u>Manufacturer</u>	<u>Manufacturer's Model</u>	<u>Serial Number</u>
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together with all of Company's right, title and interest in and to all Parts of whatever nature, whether now owned or hereafter acquired and which are from time to time incorporated or installed in or attached to either of such engines.

SPARE ENGINES

Spare engines, such engine being a jet propulsion aircraft engine with at least 1,750 pounds of thrust or the equivalent thereof, identified as follows:

<u>Manufacturer</u>	<u>Manufacturer's Model</u>	<u>Serial Number</u>
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together with all of Company's right, title and interest in and to all Parts of whatever nature, whether now owned or hereafter acquired and which are from time to time incorporated or installed in or attached to such engines.

Together with all of Company's right, title and interest in and to (a) all Parts of whatever nature, which from time to time are included within the definition of "Airframe" or "Engine" or "Spare Engine", whether now owned or hereafter acquired, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe, Engines and Spare Engines (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Aircraft Documents or Spare Engine Documents, as the case may be.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, its successors and assigns, in trust for the equal and proportionate benefit and security of the Secured Parties without any preference, distinction or priority of any one Security over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, except as provided in the C Mortgage, and for the uses and purposes and subject to the terms and provisions set forth in the C Mortgage.

This C Mortgage Supplement shall be construed as supplemental to the C Mortgage and shall form a part thereof. The C Mortgage is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

AND, FURTHER, the Company hereby acknowledges that the Aircraft or Spare Engine, as the case may be, referred to in this C Mortgage Supplement has been delivered to the Company and is included in the property of the Company subject to the pledge and mortgage thereof under the C Mortgage.

THIS C MORTGAGE SUPPLEMENT IS DELIVERED IN THE STATE OF NEW YORK. THIS C MORTGAGE SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Delivery of an executed counterpart of a signature page to this C Mortgage Supplement by telecopier shall be effective as delivery of an original executed counterpart of this C Mortgage Supplement.

* * *

EXHIBIT A

Page 3

IN WITNESS WHEREOF, the Company has caused this C Mortgage Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

UNITED AIR LINES, INC.

By: _____
Name:
Title:

EXHIBIT A
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SCHEDULE 1
PERMITTED COUNTRIES

Argentina	Kuwait
Australia	Liechtenstein
Austria	Luxembourg
Bahamas	Malaysia
Barbados	Malta
Belgium	Mexico
Bermuda Islands	Monaco
Bolivia	Morocco
Brazil	Netherlands
British Virgin Islands	Netherland Antilles
Canada	New Zealand
Cayman Islands	Norway
Chile	Oman
Cyprus	Panama
Czech Republic	Paraguay
Denmark	People's Republic of China
Egypt	Philippines
Ecuador	Poland
Finland	Portugal
France	Republic of China (Taiwan)
Germany	Singapore
Greece	South Africa
Grenada	South Korea
Guatemala	Spain
Hong Kong	Sweden
Hungary	Switzerland
Iceland	Thailand
India	Tobago
Indonesia	Trinidad
Ireland	Turkey
Italy	United Kingdom
Jamaica	Uruguay
Japan	Venezuela

SCHEDULE 2

CERTAIN ECONOMIC TERMS

Agreed Value:

replacement cost

Minimum Liability Insurance Amount:

\$500,000,000 per occurrence for any narrow-body aircraft (including, without limitation, any Boeing 717, 737 or 757 aircraft, Airbus A318, A319, A320 or A321 aircraft or regional jet)

\$750,000,000 per occurrence for any aircraft other than those mentioned above (including, without limitation, any Boeing 747, 767, 777 or 787 aircraft or Airbus A310, A330 or A340 aircraft), provided, however, that in the event the Grantor includes a new type of wide-body aircraft in its aircraft fleet after the date hereof (including, without limitation, any Airbus A380 aircraft), then the Minimum Liability Insurance Amount shall be such amount as may be reasonably determined by the Collateral Agents.

SCHEDULE 2

Page 1

[FORM OF NOTE]

FACE OF SECURITY

GLOBAL SECURITY LEGEND

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE REGISTRAR MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.10 OF THE INDENTURE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS GLOBAL SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY IS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. HOLDERS MAY CONTACT THE VICE PRESIDENT AND TREASURER OF THE COMPANY, 77 WEST WACKER DRIVE, CHICAGO, ILLINOIS 60601, TELEPHONE (312) 997-8000, WHO WILL PROVIDE, UPON REQUEST, THE INFORMATION RELATING TO ORIGINAL ISSUE DISCOUNT FOR THIS SECURITY, INCLUDING THE ISSUE PRICE, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE DATE AND THE YIELD TO MATURITY THEREOF. THE COMPANY SHALL PROMPTLY NOTIFY THE TRUSTEE OF ANY CHANGE TO SUCH CONTACT INFORMATION AND THE TRUSTEE, UPON RECEIPT OF SUCH NOTICE FROM THE COMPANY, SHALL PROMPTLY PROVIDE THE HOLDERS WITH THE NEW CONTACT INFORMATION.

UNITED AIR LINES, INC.

SENIOR SECURED NOTE DUE 2012

No. 1

CUSIP No. 909279BE0

\$175,000,000

United Air Lines, Inc., a Delaware corporation (the “**Company**”), for value received promises to pay to Cede & Co. or registered assigns, the principal sum of One Hundred Seventy-Five Million Dollars on July 15, 2012. The principal amount at Maturity of this Security is \$175,000,000, the issue price is \$157,622,500 and the amount of original issue discount is \$17,377,500. The yield to maturity is 17%.

Interest Payment Dates: January 15, April 15, July 15 and October 15, with the first Interest Payment Date being October 15, 2009

Record Dates: January 1, April 1, July 1 and October 1

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

* * *

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by one of its duly authorized officers.

Dated:

UNITED AIR LINES, INC.

By: _____

Certificate of Authentication:

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,

as Trustee, certifies that this is one of the Securities referred to in the within-mentioned Indenture

By: _____
Authorized Signatory

REVERSE OF SECURITY

UNITED AIR LINES, INC.

SENIOR SECURED NOTE DUE 2012

This Security is one of a duly authorized issue of Senior Secured Notes due 2012 (the “**Securities**”) of United Air Lines, Inc., a Delaware corporation (the “**Company**”).

1. **Interest.** The Company promises to pay interest on the principal balance from time to time outstanding of this Security at 12.75% per annum until Maturity. The Company will pay interest quarterly on January 15, April 15, July 15 and October 15 of each year (each an “**Interest Payment Date**”), beginning October 15, 2009, or if any such day is not a Business Day, on the next succeeding Business Day. Interest on this Security will accrue from the most recent Interest Payment Date on which interest has been paid or, if no interest has been paid, from July 2, 2009. Further, (x) prior to the Maturity of the Securities being accelerated pursuant to Section 6.02 of the Indenture, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and interest (without regard to any applicable grace period), from time to time on demand at the same coupon rate plus 2% per annum and (y) upon the Maturity of the Securities being accelerated pursuant to Section 6.02 of the Indenture, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on the Accreted Principal and overdue interest (without regard to any applicable grace period) at the Post-Acceleration Rate as set forth in Section 6.02 of the Indenture. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. **Method of Payment.** The Company will pay interest on this Security (except defaulted interest) to the Persons who are registered Holders of this Security at the close of business on the record date next preceding the Interest Payment Date, even if this Security is canceled after such record date and on or before such Interest Payment Date. The Holder must surrender this Security to a Paying Agent to collect payments of the outstanding principal amount and interest at Stated Maturity. The Company will pay the principal of and interest on this Security in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a Definitive Security (including principal and interest) at the office or agency of the Paying Agent maintained for such purpose in The City of New York or by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a Definitive Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. **Ranking and Collateral.** This Security is a senior obligation of the Company, secured by the Lien of the A Mortgage and Security Agreement dated as of July 2, 2009, the B Mortgage and Security Agreement dated as of July 2, 2009 and the C Mortgage

and Security Agreement dated as of July 2, 2009, in each case between the Company and the Collateral Agent, and the payment obligations of the Company under the Indenture and the Securities are guaranteed by the Guarantor pursuant to the terms of the Guarantee.

4. Redemption. If (x) the Company elects to redeem some or all of the outstanding principal balance of the Securities pursuant to Section 4.11(a)(i)(E), Section 4.11(a)(ii)(D) or Section 4.11(a)(iii)(C) or (y) the Company is required to pay a portion of the outstanding principal balance of the Securities pursuant to Section 4.11(c), the Company shall redeem the Securities at a Redemption Price equal to 100% of the outstanding principal balance of the Securities payable pursuant to the terms of the Indenture, plus accrued and unpaid interest on such outstanding principal balance of the Securities up to, but not including the Redemption Date, but without any Make-Whole Amount. The Company may, at any time, redeem all or part of the Securities at a Redemption Price equal to 100% of the outstanding principal balance of the Securities payable pursuant to the terms of the Indenture, plus accrued and unpaid interest on such outstanding principal balance of the Securities up to, but not including the Redemption Date, plus the Make-Whole Amount, if any.

5. Paying Agent and Registrar. Initially, Wells Fargo Bank Northwest, National Association (the “**Trustee**”), the Trustee and the Collateral Agent under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar, co-registrar or additional paying agent without notice to any Holder.

6. Indenture. The Company issued this Security under an Indenture dated as of July 2, 2009 (as amended, supplemented or otherwise modified from time to time, the “**Indenture**”) among the Company, the Collateral Agent and the Trustee. The terms of this Security include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbb). This Security is subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of such terms. To the extent any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling (to the extent permitted by law). The Company has issued \$175,000,000 aggregate principal amount of Securities.

7. Denominations, Transfer, Exchange. The Securities are issuable only in registered form without coupons in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. The transfer of this Security may be registered and this Security may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of this Security during the period between a record date and the corresponding Interest Payment Date.

8. Persons Deemed Owners. The registered Holder of a Security shall be treated as its owner for all purposes.

9. **Amendments and Waivers.** Subject to certain exceptions and limitations, the Indenture or this Security may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Securities, and compliance in a particular instance by the Company with any provision of the Indenture with respect to the Securities may be waived (other than certain provisions, including any continuing Default or Event of Default in the payment of the principal of or interest on the Securities) by the Holders of at least a majority in aggregate principal amount of the Securities then outstanding in accordance with the terms of the Indenture. The Company, the Trustee and the Collateral Agent may amend or supplement the Indenture or this Security or waive any provision hereof or thereof without notice to or consent of any Holder: (i) to convey, transfer, assign, mortgage or pledge to the Trustee as security for this Security any property or assets; (ii) to evidence the succession of another Person to the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Company pursuant to Section 5.01 or 5.02 of the Indenture; (iii) to add to the covenants of the Company such further covenants, restrictions, conditions or provisions as the Company and the Trustee shall consider to be for the protection of the Holders of Securities, to surrender any right or power conferred upon the Company in the Indenture, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in the Indenture, provided that in respect of any such additional covenant, restriction, condition or provision such amendment or supplement may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Securities to waive such an Event of Default; (iv) to cure any ambiguity or omission or to correct or supplement any provision contained in the Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Indenture or in any supplemental indenture, provided that no such action shall adversely affect the interests of the Holders of this Security; (v) to effect any provision of the Indenture; (vi) to make any other change that does not adversely affect the rights of any Holder or (vii) to revise the then remaining Scheduled Payments set forth in Schedule 1 of the Indenture in accordance with the terms set forth in Section 3.08 of the Indenture.

The right of any Holder to participate in any consent required or sought pursuant to any provision of the Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of this Security as of a record date fixed by the Company in accordance with the terms of the Indenture.

10. **Defaults and Remedies.** Events of Default include: (i) default in the payment of the principal amount of any Security at its Maturity; or (ii) default in the payment of interest on the principal amount of any Security or Make-Whole Amount when it becomes due and payable, and continuance of such default for a period of 10 Business Days; or (iii) default in the payment of any amount payable under any other Transaction Document when due and such failure shall continue for a period of 30 days after receipt by the Company of written notice that such payment is overdue given to the Company by the Trustee or the Collateral Agent; or (iv) failure

by the Company (x) to comply with Section 4.11(a) of the Indenture or (y) to redeem the Securities when required pursuant to Section 4.11(c) of the Indenture; or (v) any representation or warranty made by the Company in Sections 1(v), 1(vii), 1(viii), 1(ix), 1(x), 1(xi), 1(xii), 1(xiv) (limited solely to the first sentence therein), 1(xxvi), 1(xxvii), 1(xxviii), 1(xxix), 1(xxx) and 1(xxxi) of the Underwriting Agreement, Section 4.13 of the Indenture, in any Transaction Document or in any certificate delivered in connection with any such representation or warranty shall prove to have been incorrect in any material respect when made, such incorrect representation or warranty is material at the time in question, and, if curable, the same shall remain uncured (to the extent of the adverse impact of such incorrectness on the interest of any Secured Party) for a period in excess of 60 days from and after the date of written notice thereof to the Company from the Trustee or the Collateral Agent; or (vi) failure of the Company to carry and maintain, or cause to be carried and maintained, insurance in accordance with the provisions of Section 3.06 of any Mortgage; provided that no such lapse or cancellation shall constitute an Event of Default until the earlier of (a) 30 days after receipt by the Collateral Agent of written notice of such lapse or cancellation (or seven days or such shorter time as may be standard in the industry with respect to war risk insurance) or (b) the date that such lapse or cancellation is effective as to the Collateral Agent or any other Secured Party; or (vii) default in the observance or performance, or breach, of any covenant of the Company in the Indenture or any other Transaction Document (other than a covenant a default in whose performance or whose breach is elsewhere in Section 6.01 of the Indenture specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or the Collateral Agent, unless such failure is capable of being corrected and the Company shall be diligently proceeding to correct such failure, in which case there shall be no Event of Default unless and until such failure shall continue unremedied for a period of 270 days after receipt of such notice; or (viii) the Company shall consent to the appointment of or taking possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Company shall admit in writing its inability to pay its debts generally as they come due or shall make a general assignment for the benefit of its creditors, or the Company shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief under any Bankruptcy Laws or insolvency laws (as in effect at such time), or an answer admitting the material allegations of a petition filed against it in any such case, or the Company shall seek relief by voluntary petition, answer or consent, under the provisions of any other Bankruptcy Law or similar law providing for the reorganization or winding-up of corporations (as in effect at such time), or the Company shall seek an agreement, composition, extension or adjustment with its creditors under such laws or the Company's board of directors shall adopt a resolution authorizing corporate action in furtherance of any of the foregoing; or (ix) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Company, a receiver, trustee or liquidator of the Company or of any substantial part of its property, or any substantial part of the property of the Company shall be sequestered, or granting any other relief in respect of the Company as a debtor under any Bankruptcy Laws or other insolvency laws (as in effect at such time), and any such order, judgment, decree, or decree of appointment or sequestration shall remain in force undismitted, unstayed or unvacated for a period of 90 days after the date of entry thereof; or (x) a petition against the Company in a proceeding under any Bankruptcy Laws or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to the Company, any court of competent jurisdiction shall assume

jurisdiction, custody or control of the Company of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days; or (xi) the Company shall cease to be a U.S. Certificated Air Carrier as a result of the revocation of the Company's air carrier operating certificate or such operating certificate shall have been suspended and such suspension shall not have been terminated within a period of 30 days thereafter.

If an Event of Default (other than an Event of Default specified in clause (viii), (ix) or (x) above) occurs and is continuing, the Trustee by notice to the Company may declare the Accreted Principal and all accrued and unpaid interest on all then outstanding Securities to be due and payable immediately. Upon any such declaration, the Accreted Principal plus all accrued and unpaid interest on the outstanding principal amount of the Securities as of such date of declaration (but without any Make-Whole Amount) (x) shall be immediately due and payable and (y) all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. If an Event of Default specified in clause (viii), (ix) or (x) above occurs, the Accreted Principal plus all accrued and unpaid interest on the outstanding principal amount of the Securities as of such date of acceleration (but without any Make-Whole Amount) shall thereby automatically become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee or any Holder and all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. Upon an acceleration of the Securities, any remedy based on, or claim for payment of, the principal amount of the Securities shall be limited to the Accreted Principal thereof, unless such acceleration is rescinded or annulled or such principal amount is reinstated, by agreement, operation of law or otherwise. No Make-Whole Amount shall be due and payable as a consequence of the acceleration of the Securities as a result of an Event of Default.

If the Maturity of the Securities is accelerated pursuant to Section 6.02 of the Indenture, 100% of the Accreted Principal thereof plus unpaid interest on the outstanding principal amount of the Securities to the date of such acceleration shall immediately become due and payable and all such amounts shall accrue interest at the Post-Acceleration Rate until paid in full. Upon payment in full of such amounts (including accrued interest at the Post-Acceleration Rate as aforesaid), the principal amount of the Securities in excess of the Accreted Principal shall be deemed to have been paid in full unless such acceleration is rescinded or annulled or such principal amount is reinstated, by agreement, operation of law or otherwise.

11. Satisfaction and Discharge. The Indenture shall be satisfied and discharged upon the payment of all of the Securities or the defeasance thereof, subject to certain other conditions set forth in the Indenture.

12. Trustee Dealings with the Company. The Trustee in its individual or any other capacity may become the owner or pledgee of this Security and may otherwise deal with the Company or any of its Affiliates with the same rights it would have if it were not the Trustee.

13. No Recourse Against Others. A director, officer, employee or stockholder of the Company, as such, shall not have any liability for any obligations of the Company under this Security or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting this Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Security.

14. Authentication. This Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of an authorized signatory of the Trustee, which signature shall be conclusive evidence that this Security has been authenticated under the Indenture.

15. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused a CUSIP number to be printed on this Security as a convenience to the Holders of this Security. No representation is made as to the correctness of such number either as printed on this Security or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on this Security.

16. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. Governing Law. THE INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to it at:

United Air Lines, Inc.
77 W. Wacker Drive
Chicago, IL 60601
Attention: Vice President & Treasurer
Facsimile: 312-997-8000

ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to:

(Insert assignee's social security or tax I.D. number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee: _____
(Participant in a Recognized Signature Guaranty Medallion Program)