

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: January 11, 2006
(Date of earliest event reported)

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

| | | |
|---|-----------------------------|---|
| Delaware | 1-6033 | 36-2675207 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

1200 East Algonquin Road, Elk Grove Township, Illinois 60007
(Address of principal executive offices)

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

Not Applicable
(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 (see General Instruction A.2. below):

- 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))

ITEM 1.01. Entry into a Material Definitive Agreement

A. Adoption of UAL Corporation 2006 Management Equity Incentive Plan

On January 10, 2006, the Board of Directors (the "Board") of UAL Corporation (the "Company") adopted the UAL Corporation 2006 Management Equity Incentive Plan (the "MEIP"), subject to approval by the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court"). The MEIP authorizes the Human Resources Subcommittee of the Board (the "Committee") to grant equity-based and other performance-based awards

("Awards") to executive officers and other key employees of the Company and its subsidiaries following the Company's emergence from bankruptcy. The purpose of the MEIP is to attract and retain outstanding individuals as officers and key employees of the Company and its subsidiaries, to further align their interests with those of the Company's shareholders through compensation that is based on shares of the Company's new common stock, par value \$.01 per share (the "Common Stock"), and to furnish incentives to such persons by providing them opportunities to acquire shares of Common Stock on advantageous terms. The MEIP is designed to give the Committee flexibility in structuring awards that will achieve these objectives.

The MEIP will become effective as of the effective date of the Company's confirmed plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "Effective Date") and will remain in effect as long as any Awards remain outstanding. No Award may be granted under the MEIP after the tenth anniversary of the Effective Date, but the term of any Award may extend beyond that date. The Board reserves the right to terminate the MEIP at any time without prejudice in any adverse way to the holders of any Awards then outstanding. The aggregate number of shares reserved for grant under the MEIP is 13,575,000 shares of Common Stock, as may be adjusted for any stock dividend, stock split, recapitalization, reorganization, merger or other subdivision or combination of the Common Stock. It is intended that all Awards determined to be subject to Section 409A of the Internal Revenue Code (the "Code") will comply in form and operation with the requirements of Section 409A.

The MEIP will be administered by the Committee. The Committee has the power to interpret the MEIP and any Awards granted under the MEIP and to determine the terms and conditions of Awards to be granted under the MEIP and to make all other determinations necessary or advisable for the administration of the MEIP. The Committee may not, however, without the prior approval of the Company's stockholders, seek to effect any re-pricing of any previously granted options, the exercise price of which is greater than the fair market value of the underlying Common Stock (the "Underwater Restriction").

All executive officers and other key employees of the Company and its subsidiaries are eligible to become participants in the MEIP. The Committee will select from time to time, from among all eligible individuals, the persons who will be granted an Award. The MEIP authorizes the Committee to grant any of a variety of incentive Awards to participants, including the following:

- stock options, including both tax qualified and non-qualified options,
- stock appreciation rights, which provide the participant the right to receive the excess (if any) of the fair market value of a specified number of shares of Common Stock at the time of exercise over the grant price of the stock appreciation right,
- stock awards to be granted at no cost to the participant, including grants in the form of (i) an immediate transfer of shares which are subject to forfeiture and certain transfer restrictions ("Restricted Stock") and (ii) an immediate transfer of shares which are not subject to forfeiture or a deferred transfer of shares if and when the conditions specified by the Committee are met ("Unrestricted Stock"), and
- performance-based awards, in which the Committee may grant a stock award that will entitle the holder to receive a specified number of shares of Common Stock, or the cash value thereof, if certain performance goals are met.

The shares may be issued from authorized and unissued shares of Common Stock or from the Company's treasury stock. Each Award will be evidenced by a notice of award or other similar writing, which will specify the terms of the Award, as determined by the Committee in its discretion, subject to the limitations set forth in the MEIP. The exercise price for each underlying share of Common Stock under all options and stock appreciation rights awarded under the MEIP will not be less than the fair market value of a share of Common Stock on the date of grant.

In the event of a participant's termination of employment by reason of death, disability or qualified retirement (i.e., termination of employment at or after attaining age 55 and completing 10 years of service with the Company or an affiliate or termination of employment after attaining age 65), (i) all outstanding options and stock appreciation rights then held by a participant will become immediately exercisable in full and will remain exercisable for a period ending on the earlier of 12 months after such event or the expiration date of the options or stock appreciation rights, except that in the case of a qualified retirement, all outstanding options and stock appreciation rights then held by a participant will remain exercisable for a period ending on the expiration date of the options or stock appreciation rights, (ii) all restricted shares then held by the participant will become fully vested, and (iii) any conditions with respect to the issuance of shares of Common Stock under any performance-based awards which are based on a performance period will lapse with respect to that portion equal to the ratio of the full months of the participant's service within the performance period to the total months of the performance period. In the event of a participant's termination of employment for reasons other than death, disability or retirement, all restricted shares and other Awards then held by such participant that have not vested as of such termination of employment will be forfeited and all outstanding options and stock appreciation rights then held by such participant will, to the extent exercisable at the time of such termination, remain exercisable for a period ending on the earlier of 3 months after such termination or the expiration date of the underlying options or stock appreciation rights and all remaining options and stock appreciation rights will be forfeited. A termination of a participant's employment for "cause" will result in all rights of the participant under the MEIP to be terminated and forfeited.

Upon certain defined change of control events, (i) all options and stock appreciation rights will become immediately exercisable in full and will remain exercisable in accordance with their terms, (ii) all restricted shares will become immediately fully vested and non-forfeitable and (iii) any conditions to the issuance of shares of Common Stock under any performance awards will lapse. In addition, if a change of control occurs, then the Committee may determine with respect to some or all participants to cash out all or any portion of the outstanding options, stock appreciation rights or share-based performance awards.

The number of shares with respect to which Awards may be granted under the MEIP, the number of shares of Common Stock subject to any outstanding Award, and the nature of the securities which may be issued under the MEIP or any outstanding Award in each case may be adjusted by the Committee as a result of stock splits, stock dividends, or other subdivisions or combinations of the Common Stock, or reorganizations, mergers, consolidations, split-ups, spin-offs, dividends or reclassifications affecting the Company. In addition, upon the occurrence of such events, the Committee has the discretion to cancel or terminate outstanding Awards in exchange for cash or other securities as determined by the Committee to be equitable.

The Board may, from time to time, in its discretion, amend the MEIP in whole or in part, but no such amendment will be made which adversely affects the rights of a participant under any outstanding Award without the consent of the affected participants, and no such amendment will be effective without the approval of the stockholders of the Company if (i) stockholder approval is required pursuant to Section 422 of the Code or the rules of any national securities exchange or the Nasdaq Stock Market, as applicable, or (ii) any amendments seek to modify the Underwater Restriction or the acceleration of vesting provisions with respect to a change of control.

This description of the MEIP is qualified in its entirety by reference to the MEIP itself, a copy of which is filed herewith as Exhibit 99.1 and is incorporated by reference herein.

On January 10, 2006, the Board adopted the UAL Corporation 2006 Director Equity Incentive Plan (the "DEIP"), subject to approval by the Bankruptcy Court. The DEIP authorizes the Nominating/Governance Committee of the Board (the "Governance Committee") to grant equity-based awards ("DEIP Awards") to non-employee directors of the Company. The purpose of the DEIP is to attract and retain the services of experienced and knowledgeable non-employee directors by providing such directors with greater flexibility in the form and timing of receipt of compensation for their service on the Board and an opportunity to obtain greater proprietary interest in the Company's long-term success and progress through the receipt of equity-based awards, aligning such directors' interests more closely with the interests of the Company's stockholders.

The DEIP will become effective upon the Company's emergence from bankruptcy and will remain in effect as long as any Awards remain outstanding. The Company reserves the right to terminate the DEIP at any time, without prejudice in any adverse way to the holders of any DEIP Awards then outstanding, by delivery of a written notice by its authorized officers to the Governance Committee, adopted in the manner of an amendment. The aggregate number of shares reserved for grant under the DEIP is 175,000 shares of Common Stock. It is intended that the DEIP and all DEIP Awards determined to be subject to Section 409A of the Code will comply in form and operation with the requirements of Section 409A.

The DEIP will be administered by the Governance Committee. The Governance Committee has the sole discretionary power and authority to make all determinations necessary for administration of the DEIP, except as otherwise provided in the DEIP, including the power and authority to make or modify such plan rules as the Governance Committee determines to be consistent with the terms of the DEIP (the "Plan Rules") and to limit or modify application of provisions of the DEIP whenever advisable to facilitate tax deferral treatment for DEIP Awards to non-U.S. resident participants.

All non-employee directors of the Company are eligible to become participants in the DEIP. The Board will select from time to time, from among all eligible individuals, the persons who will be granted a DEIP Award. The DEIP authorizes the Governance Committee to grant any of a variety of incentive awards to participants, including the following:

- non-qualified stock options,
- stock appreciation rights, which provide the participant the right to receive the excess (if any) of the fair market value of a specified number of shares of Common Stock at the time of exercise over the grant price of the stock appreciation right,
- stock awards to be granted at no cost to the participant, including grants in the form of Restricted Stock and Unrestricted Stock,
- annual compensation in the form of credits to a participant's share account established under the DEIP, and
- shares of Common Stock in lieu of receipt of all or any portion of cash amounts payable by the Company to a participant ("Director Cash Compensation") including retainer fees, board attendance fees and committee fees (but excluding expense reimbursements and similar items).

The shares may be issued from authorized and unissued shares of Common Stock or from the Company's treasury stock. Each DEIP Award will be evidenced by a notice of award or other similar writing, which will specify the terms of the DEIP Award, as determined by the Committee in its discretion, subject to the limitations set forth in the DEIP. The exercise price for each underlying share of Common Stock under all options and stock appreciation rights awarded under the DEIP will not be less than the fair market value of a share of Common Stock on the date of grant.

Each option granted under the DEIP will generally expire 10 years after its date of grant. If the participant ceases to serve as a director for any reason other than a "qualified retirement" (i.e., has attained age 60 and has completed five years or more of continuous service as a member of the Board), then the option will remain exercisable until the earlier of the expiration of five years after the date of separation or the remaining term of the option. If the participant ceases to serve as a director due to a "qualified retirement" then all of such participant's options will become immediately exercisable in full and will remain exercisable until the expiration of the options.

In the event a participant experiences a separation from service by reason of death or disability, all outstanding stock appreciation rights then held by a participant will become immediately exercisable in full and will remain exercisable for a period ending on the earlier of 12 months after such termination or the expiration date of the stock appreciation rights and all of such participant's restricted stock will become fully vested. In the event of a qualified retirement, all outstanding stock appreciation rights then held by the participant will become immediately exercisable in full and will remain exercisable in full until the expiration date of such stock appreciation rights and all of such participant's restricted stock will become fully vested. In the event of a separation from service for reasons other than death, disability or qualified retirement, all outstanding stock appreciation rights then held by the participant, to the extent exercisable as of the date of separation, will remain exercisable for a period ending on the earlier of three months after such termination or the expiration date of the stock appreciation rights and all of such participant's restricted stock that has not vested as of such separation from service will be forfeited. A determination by the Board that a participant's actions constitutes "cause" will result in all rights of the participant under the DEIP being terminated and forfeited.

For each participant, the Committee will establish and maintain a Cash Account and a Share Account to evidence the deferred amount credited with respect to such participant pursuant to the terms of the DEIP. Each participant may elect, in accordance with the terms of the DEIP, to defer the receipt of all or any portion of his or her Director Cash Compensation relating to services performed and Director Cash Compensation earned during each calendar year and such participant may elect, in accordance with and subject to the Plan Rules, how the deferral will be allocated among his or her Cash Account and Share Account. Participants may also elect to defer receipt of all or any portion of the Unrestricted Stock or Restricted Stock, and any such deferrals will be credited to such participant's Share Account. As of the last day of each calendar quarter, a participant's Cash Account will be credited with interest, calculated on the balance in the Cash Account as of the last day of the immediately preceding calendar quarter, at the Bloomberg Prime Rate Composite in effect on such date.

Distributions from a participant's Share Account and Cash Account will generally be made or commence as soon as administratively practicable after the first day of the calendar year after which such participant terminates his relationship with the Company and its affiliates as a director and non-employee consultant. A participant's Cash Account and Share Account will be distributed in a lump sum payment unless the participant has elected to receive his or her distribution in the form of annual installment payments for a period of not more than 10 years. Any distribution from a participant's Cash Account will be made in cash only and any distribution from a participant's Share Account will generally be made in whole shares of Common Stock only. Notwithstanding any distribution election by a participant to the contrary, a distribution will be made to a participant from his or her account if the participant submits a written request to the Committee and the Committee determines that the Participant has experienced an unforeseeable emergency within the meaning of Section 409A of the Code.

Upon certain defined change of control events, (i) all options and stock appreciation rights will become immediately exercisable in full and will remain exercisable in accordance with their terms, (ii) all Restricted Stock will become immediately fully vested and non-forfeitable, (iii) all deferral accounts will become immediately fully vested and non-forfeitable, and (iv) all deferred amounts credited to a participant's Cash Account and Share Account will become immediately due and payable to the Participant. In addition, if a change of control occurs, then the Board may determine with respect to some or all participants to cash out all or any portion of the outstanding options and stock appreciation rights.

The number of shares with respect to which DEIP Awards may be granted under the DEIP, the number of shares of Common Stock subject to any outstanding DEIP Award, and the nature of the securities which may be issued under the DEIP or any outstanding DEIP Award in each case may be adjusted by the Board as a result of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture or extraordinary dividend or any other similar change in the Company's corporate structure or the Common Stock.

The Company reserves the right to amend the DEIP at any time to any extent that it may deem advisable. To be effective, an amendment must be in writing and approved or ratified in advance by the Board and executed in the name of the Company by its Chief Executive Officer. No amendment will have any retroactive effect in any manner that deprives any participant of any benefit to which he or she is entitled immediately prior to the effective date of the amendment.

This description of the DEIP is qualified in its entirety by reference to the DEIP itself, a copy of which is filed herewith as Exhibit 99.2 and is incorporated by reference herein.

ITEM 9.01. Financial Statements and Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | UAL Corporation 2006 Management Equity Incentive Plan |
| 99.2 | UAL Corporation 2006 Director Equity Incentive Plan |

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.

Dated: January 11, 2006

UAL CORPORATION

By: /s/ Paul R. Lovejoy

Name: Paul R. Lovejoy

Title: Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

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|--------------------|---|
| 99.1 | UAL Corporation 2006 Management Equity Incentive Plan |
| 99.2 | UAL Corporation 2006 Director Equity Incentive Plan |

UAL CORPORATION

2006 MANAGEMENT EQUITY INCENTIVE PLAN

1. Purpose

The purposes of the UAL Corporation 2006 Management Equity Incentive Plan (the "MEIP") are to attract and retain outstanding individuals as officers and key employees of UAL Corporation (the "Company") and its subsidiaries in connection with the Company's emergence from bankruptcy, to further align their interests with those of the Company's shareholders through compensation that is based on shares of the Company's common stock, par value \$.01 per share ("Common Stock"), and to furnish incentives to such persons by providing them opportunities to acquire shares of Common Stock on advantageous terms as herein provided.

2. Definitions

The following capitalized terms have the meanings set forth in this Section:

- (a) Affiliate: All persons with whom the Company would be considered a single employer under Section 414(b) or 414(c) of the Code.
- (b) Award: An Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Share, or Other Share-Based Award granted pursuant to the MEIP.
- (c) Board: The Board of Directors of the Company.
- (d) Broker Exercise Notice: A written notice pursuant to which a Participant, upon exercise of an Option, irrevocably instructs a broker or dealer to sell a sufficient number of shares or loan a sufficient amount of money to pay all or a portion of the exercise price of the Option and/or any related withholding tax obligations and remit such sums to the Company and directs the Company to deliver stock certificates (by electronic means or otherwise) to be issued upon such exercise directly to such broker or dealer or their nominee.
- (e) Cause: One or more of: (i) dishonesty, fraud, misrepresentation, embezzlement or deliberate injury or attempted injury, in each case related to the Company or any Subsidiary, (ii) any unlawful or criminal activity of a serious nature, (iii) any intentional and deliberate breach of a duty or duties that, individually or in the aggregate, are material in relation to the Participant's overall duties, or (iv) any material breach of any confidentiality or noncompete agreement entered into with the Company or any Subsidiary.
- (f) Change in Control: An event described in Section 13(a), provided such event is a "change of control", as such term is defined in Section 409A of the Code.
- (g) Code: The U.S. Internal Revenue Code of 1986, as amended, or any successor law (including, when the context requires, all regulations, interpretations and rulings issued thereunder).
- (h) Committee: A committee of the Board, provided that, so long as the Company has a class of its equity securities registered under Section 12 of the Exchange Act, such committee will consist solely of two or more members of the Board who are "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act. As of the Effective Date, the Committee shall be the Human Resources Subcommittee of the Board.
- (i) Common Stock: The Company's common stock, par value \$.01 per share, issued on or after the Effective Date.
- (j) Company: UAL Corporation, a Delaware corporation.
- (k) Continuity Director: An individual described in Section 13(a).
- (l) Disability: Disability of the Participant such as would entitle the Participant to receive disability income benefits pursuant to the long-term disability plan of the Company or Subsidiary then covering the Participant or, if no such plan exists or is applicable to the Participant, the permanent and total disability of the Participant within the meaning of Section 22(e)(3) of the Code; provided, however, if distribution of an Award subject to Section 409A of the Code is triggered by a Participant's Disability, such term will mean that the Participant is "disabled" as defined by Section 409A of the Code.
- (m) Effective Date: The date specified in Section 5.
- (n) Exchange Act: The U.S. Securities Exchange Act of 1934, as amended, or any successor law.
- (o) Exercise Price: The purchase price per share of Common Stock under the terms of an Incentive Stock Option, a Nonqualified Stock Option, or a Stock Appreciation Right as determined pursuant to Section 6, 7 or 9, respectively.

- (p) Fair Market Value: Unless otherwise determined by the Committee, the fair market value of the Company's shares of Common Stock as of any date shall be: (i) the mean between the lowest and highest reported sale prices of the Common Stock on that date with respect to the Common Stock, if the Common Stock is listed, admitted to unlisted trading privileges, or reported on any national securities exchange or on the Nasdaq Stock Market on such date (or, if no shares were traded on such day, as of the next preceding day on which there was such a trade); or (ii) if the Common Stock is not so listed, admitted to unlisted trading privileges, or reported on any national exchange or on the Nasdaq National Market, the mean between the lowest and highest reported sale prices as of such date, as reported by the Nasdaq SmallCap Market, OTC Bulletin Board, the Bulletin Board Exchange (BBX) or the National Quotation Bureaus, Inc., or other comparable service; or (iii) if the Common Stock is not so listed or reported, such price as the Committee determines in good faith in the exercise of its reasonable discretion.
- (q) Incentive Stock Option: A stock option granted pursuant to Section 6. To the extent that any Incentive Stock Option granted under the MEIP ceases for any reason to qualify as an "incentive stock option" for purposes of Section 422 of the Code, such Incentive Stock Option will continue to be outstanding for purposes of the MEIP but will thereafter be deemed to be a Nonqualified Stock Option.
- (r) MEIP: The UAL Corporation 2006 Management Equity Incentive Plan, as may be amended from time to time.
- (s) Nonqualified Stock Option: A stock option granted pursuant to Section 7.
- (t) Option: An Incentive Stock Option or a Nonqualified Stock Option.
- (u) Other Share-Based Awards: Awards granted pursuant to Section 11.
- (v) Participant: Officers and other employees of the Company and its Subsidiaries as the Committee in its sole discretion may designate from time to time to participate hereunder.
- (w) Previously Acquired Shares: Shares of Common Stock that are already owned by the Participant or, with respect to any Award, that are to be issued upon the grant, exercise or vesting of such Award.
- (x) Restricted Share: A restricted share of Common Stock granted pursuant to Section 10.
- (y) Retirement: Termination of Employment at or after attaining age 55 and completing ten (10) years of service with the Company or an Affiliate, or Termination of Employment after attaining age 65. With respect to a Participant who was in the employ of a corporation or other organization whose business was acquired by the Company or any Affiliate, if (and only to the extent) specifically provided by the Committee, service will include the period of service such Participant was in the employ of such corporation or other organization prior to such acquisition).
- (z) Stock Appreciation Right. A stock appreciation right granted pursuant to Section 9.
- (aa) Shareholder Approval Date: The date, if any, on which the MEIP is approved by the Company's stockholders, or is otherwise treated as approved by the Company's stockholders for purposes of Section 422 of the Code.
- (bb) Subsidiary: United Air Lines, Inc., any other corporation all of the outstanding voting stock of which is owned, directly or indirectly, by the Company, and any other such entity, corporate or otherwise, as the Company in its sole discretion from time to time determines to be a Subsidiary.
- (cc) Termination of Employment. A complete severance of an employee's relationship with the Company and all Affiliates, for any reason. For any Award subject to Section 409A of the Code, a Participant will be treated as having a Termination of Employment only if such termination constitutes a "separation from service" within the meaning of Section 409A of the Code.

3. Shares Subject to the MEIP

- (a) Subject to adjustment as provided in Section 19, the maximum number of shares of Common Stock that will be available for issuance under the MEIP will be 13,575,000 shares of Common Stock. The shares available for issuance under the MEIP may, at the election of the Committee, be either treasury shares or shares authorized but unissued, and, if treasury shares are used, all references in the MEIP to the issuance of shares will, for corporate law purposes, be deemed to mean the transfer of shares from treasury.
- (b) Shares of Common Stock that are issued under the MEIP or that are subject to outstanding Awards will be applied to reduce the maximum number of shares of Common Stock remaining available for issuance under the MEIP; provided, however, that shares subject to an Award that lapses, expires, is forfeited (including issued shares forfeited under a Restricted Stock Award) or for any reason is terminated unexercised or unvested or is settled or paid in cash or any form other than shares of Common Stock will automatically again become available for issuance under the MEIP. To the extent that the exercise price of any Option and/or associated tax withholding obligations are paid by tender or attestation as to ownership of Previously Acquired Shares, or to the extent that such tax withholding obligations are satisfied by withholding of shares otherwise issuable upon exercise of the Option, only the number of shares of Common Stock issued net of the number of shares tendered, attested to or withheld will be applied to reduce the maximum number of shares of Common Stock remaining available for issuance under the MEIP.

4. Administration

- (a) All Awards granted under the MEIP shall be granted by the Committee. The MEIP shall be administered by the Committee, including for all grants with respect to any "officer" as that term is defined in Rule 16a-1(f) under the Exchange Act. The Committee is authorized to interpret the provisions of the MEIP and any Award agreement, to determine the terms and conditions of Awards to be granted under the MEIP and to make all other determinations necessary or advisable for the administration of the MEIP, but only to the extent not contrary to or inconsistent with the express provisions of the MEIP. Determinations, decisions and actions of the Committee in connection with the construction, interpretation, administration or application of the MEIP will be final, conclusive and binding upon any Participant and any person claiming under or through the Participant. No member of the Committee will be liable for any determination, decision or action made in good faith with respect to the MEIP or any Awards granted under the MEIP. To the extent consistent with Delaware corporate law, the Committee may delegate to any officers of the Company the duties, power and authority of the Committee under the MEIP pursuant to such conditions or limitations as the Committee may establish; provided, however, that only the Committee may exercise such duties, power and authority with respect to Participants who are subject to Section 16 of the Exchange Act. The MEIP is not intended to modify or limit the powers, duties or responsibilities of either the Board or the Committee as set forth under the UAL Corporation Restated Certificate of Incorporation.
- (b) Notwithstanding any other provision of the MEIP other than Section 19, the Committee may not, without prior approval of the Company's stockholders, seek to effect any re-pricing of any previously granted, "underwater" Option by: (i) amending or modifying the terms of the Option to lower the exercise price; (ii) canceling the underwater Option and granting either (A) replacement Options having a lower exercise price or (B) Restricted Shares; or (iii) repurchasing the underwater Options and granting new Awards under the MEIP. For purposes of this Section 4(b), an Option will be deemed to be "underwater" at any time when the Fair Market Value of the Common Stock is less than the exercise price of the Option.
- (c) In addition to the authority of the Committee under Section 4(a) and notwithstanding any other provision of the MEIP, the Committee may, in its sole discretion, amend the terms of the MEIP or Awards with respect to Participants resident outside of the United States or employed by a non-U.S. Subsidiary in order to comply with local legal requirements, to otherwise protect the Company's or Subsidiary's interests, or to meet objectives of the MEIP, and may, where appropriate, establish one or more sub-plans (including the adoption of any required rules and regulations) for the purposes of qualifying for preferred tax treatment under foreign tax laws. The Committee shall have no authority, however, to take action pursuant to this Section 4(c): (i) to reserve shares or grant Awards in excess of the limitations provided in Section 3; (ii) to effect any re-pricing in violation of Section 4(b); (iii) to grant Options having an exercise price less than 100% of the Fair Market Value of one share of Common Stock on the date of grant in violation of Sections 6(a) and 7(a); or (iv) for which stockholder approval would then be required pursuant to Section 422 of the Code or the rules of any applicable national exchange or market on which the Common Stock is listed or quoted.
- (d) Notwithstanding anything in this Plan to the contrary, the Committee will determine whether an Award is subject to the requirements of Section 409A of the Code and, if determined to be subject to Section 409A of the Code, the Committee will make such Award subject to such written terms and conditions determined necessary or desirable to cause such Award to comply in form and operations with the requirements of Section 409A of the Code. It is intended that the Plan and all Awards determined to be subject to the requirements of Section 409A of the Code comply in form and operation with the requirements of Section 409A of the Code. In the event that any provision in this MEIP shall be subject to more than one interpretation, such provision shall be interpreted so as to comply with the requirements of Section 409A of the Code. In the event that it is not possible to grant a particular Award that would comply with Section 409A, it is intended that the Committee shall make an alternative Award that would comply with Section 409A of the Code.
- (e) The Company makes no warranties regarding the tax treatment to any person of any Awards made pursuant to the Plan and each Participant will hold the Committee, the Company, and its officers, directors, employees, agents, and advisors free from any liability resulting from any tax position taken in good faith in connection with the Plan.

5. Term of the MEIP

The MEIP shall be effective as of the effective date of the Company's confirmed plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "Effective Date") and shall remain in effect as long as any Awards under it remain outstanding. No Award may be granted under the MEIP after the tenth anniversary of the Effective Date, but the term of any Award theretofore granted may extend beyond that date.

6. Incentive Stock Options

Incentive Stock Options are intended to satisfy the requirements applicable to "incentive stock options" described in Section 422(b) of the Code or any successor provision. Incentive Stock Options may be granted under the MEIP only if the Shareholder Approval Date is before the first anniversary of the Effective Date. Incentive Stock Options shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

- (a) The Exercise Price shall not be less than the Fair Market Value of a share of Common Stock on the date of grant of such Incentive Stock Option. Options shall be exercisable at such time and upon such terms and conditions, as may be determined by the Committee.
- (b) The term of each Option shall be fixed by the Committee; in no event, however, shall the period for exercising an Incentive Stock Option extend more than 10 years from the date of grant.

- (c) The aggregate Fair Market Value (determined on the date of grant) of the shares of Common Stock for which Incentive Stock Options are exercisable for the first time in any calendar year (under all options plans of the Company and its parent and Subsidiary corporations) for any Participant shall not exceed \$100,000.
- (d) Incentive Stock Options shall not be transferable by a Participant other than by will or the laws of descent and distribution and shall be exercisable, during the Participant's lifetime, only by the Participant.
- (e) Notwithstanding clauses (a) and (b) above, the Exercise Price of Incentive Stock Options granted to any individual who at the time of such grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent or Subsidiary corporations (within the meaning of Section 422(b) of the Code) shall not be less than 110% of the Fair Market Value of the Common Stock on the date of grant and the term of any Incentive Stock Option granted to such individual shall not exceed five years from the date of grant.

7. Nonqualified Stock Options

Nonqualified Stock Options are not intended to satisfy the requirements applicable to "incentive stock options" described in Section 422(b) of the Code or any successor provision, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

- (a) The Exercise Price shall not be less than the Fair Market Value of a share of Common Stock on the date of grant of such Nonqualified Stock Option. Nonqualified Stock Options shall be exercisable at such time and upon such terms and conditions, as may be determined by the Committee.
- (b) The term of each Nonqualified Stock Option shall be fixed by the Committee; in no event, however, shall the period for exercising a Nonqualified Stock Option extend more than 10 years from the date of grant.

8. Option Exercise and Payment Terms

- (a) The total purchase price of the shares to be purchased upon exercise of an Option will be paid entirely in cash (including check, bank draft, wire transfer or money order); provided, however, that the Committee, in its sole discretion and upon terms and conditions established by the Committee, may allow such payments to be made, in whole or in part, by tender of a Broker Exercise Notice, by tender, or attestation as to ownership, of Previously Acquired Shares that have been held for the period of time necessary to avoid a charge to the Company's earnings for financial reporting purposes and that are otherwise acceptable to the Committee, or by a combination of such methods. For purposes of such payment, Previously Acquired Shares tendered or covered by an attestation will be valued at their Fair Market Value on the exercise date.
- (b) An Option may be exercised by a Participant in whole or in part from time to time, subject to the conditions contained in the MEIP and in the agreement, notice or schedule evidencing such Option, by delivery in person, by facsimile or electronic transmission or through the mail of written notice of exercise to the Company at its principal executive office and by paying in full the total exercise price for the shares of Common Stock to be purchased in accordance with clause (a) above.

9. Stock Appreciation Rights

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

- (a) A Stock Appreciation Right may be granted with respect to a Nonqualified Stock Option at the time of its grant or at any time thereafter.
- (b) Each Stock Appreciation Right will entitle the Participant to elect to receive in cash up to 100% of the appreciation in Fair Market Value of the shares of Common Stock subject thereto up to the date the Stock Appreciation Right is exercised. In the case of a Stock Appreciation Right issued in relation to a Nonqualified Stock Option, such appreciation will be measured from the Nonqualified Stock Option's Exercise Price. In the case of a Stock Appreciation Right issued independently of any Nonqualified Stock Option, the appreciation shall be measured from not less than the Fair Market Value of a share of Common Stock on the date the Stock Appreciation Right is granted.
- (c) The Committee shall have the discretion to satisfy a Participant's right to receive the amount of cash as determined in Section 9(b), in whole or in part, by the delivery of shares of Common Stock valued as of the date of the Participant's exercise.
- (d) In the event of the exercise of a Stock Appreciation Right, the number of shares of Common Stock reserved for issuance hereunder (and the shares of Common Stock subject to the related Nonqualified Stock Option, if any) shall be reduced by the number of shares of Common Stock with respect to which the Stock Appreciation Right is exercised.

10. Restricted Shares

The Committee is hereby authorized to grant Awards of Restricted Shares to Participants with the following terms and conditions:

- (a) During the Restricted Period (as defined in Section 10(b)), Participant shall not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the Restricted Shares. Upon grant of the Award of Restricted Shares, however, Participant shall thereupon be a stockholder with respect to all shares of Common Stock subject to the

Restricted Share Award and shall have all the rights of a stockholder with respect to such shares of Common Stock, including the right to vote such shares and to receive all dividends and other distributions.

- (b) The term "Restricted Period" shall mean any period as set by the Committee, not to exceed ten years, ending upon such conditions as the Committee may deem appropriate, including, without limitation, achievement of certain goals and/or that the Participant has remained continuously employed by the Company or its Subsidiaries for a certain period.
- (c) To enforce the restrictions referred to in this Section 10, the Committee may place a legend on the stock certificates referring to such restrictions and may require the Participant, until the restrictions have lapsed, to keep the stock certificates, together with duly endorsed stock powers, in the custody of the Company or its transfer agent, or to maintain evidence of stock ownership, together with duly endorsed stock powers, in a certificateless book-entry stock account with the Company's transfer agent.

11. Other Share-Based Awards

The Committee, in its sole discretion, may grant to Participants such other Awards including, without limitation, dividends and dividend equivalents and other Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, shares of Common Stock. Such Other Share-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more shares of Common Stock (or the equivalent cash value of such shares of Common Stock) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Share-Based Awards may be granted alone or in addition to any other Awards granted under the MEIP. Subject to the provisions of the MEIP, the Committee shall determine: (i) to whom and when Other Share-Based Awards will be made; (ii) the number of shares of Common Stock to be awarded under (or otherwise related to) such Other Share-Based Awards; (iii) whether such Other Share-Based Awards shall be settled in cash, shares of Common Stock or a combination of cash and shares of Common Stock; and (iv) all other terms and conditions of such Other Share-Based Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all shares of Common Stock so awarded and issued shall be fully paid and nonassessable).

12. Effect of Termination of Employment

- (a) Termination of Employment Due to Death or Disability. In the event of a Participant's Termination of Employment by reason of death or Disability:
 - (i) All outstanding Options and Stock Appreciation Rights then held by the Participant will become immediately exercisable in full and will remain exercisable for a period of twelve (12) months after such termination (but in no event after the expiration date of any such Option or Stock Appreciation Right);
 - (ii) All Restricted Shares then held by the Participant will become fully vested; and
 - (iii) Any conditions with respect to the issuance of shares of Common Stock pursuant to Other Share-Based Awards which are based on a performance period will lapse with respect to that portion of such shares equal to the ratio of the full months of the Participant's service within the performance period to the total months of the performance period. Unless otherwise provided by the Committee, all other Other Share-Based Stock Awards held by the Participant will terminate and be forfeited.
- (b) Termination of Employment Due to Retirement. In the event of a Participant's Termination of Employment by reason of Retirement:
 - (i) All outstanding Options and Stock Appreciation Rights then held by the Participant will become immediately exercisable in full and will remain exercisable in full until the expiration date of any such Option or Stock Appreciation Right;
 - (ii) All Restricted Shares then held by the Participant that have not vested as of such Termination of Employment will become fully vested; and
 - (iii) Any conditions with respect to the issuance of shares of Common Stock pursuant to Other Share-Based Awards which are based on a performance period will lapse with respect to that portion of such shares equal to the ratio of the full months of the Participant's service within the performance period to the total months of the performance period. Unless otherwise provided by the Committee, all other Other Share-Based Stock Awards held by the Participant will terminate and be forfeited.
- (c) Termination of Employment for Reasons Other than Death, Disability or Retirement. In the event of a Participant's Termination of Employment for any reason other than death, Disability or Retirement, or if a Participant is in the employ of an Affiliate and the entity ceases to be an Affiliate of the Company (unless the Participant continues in the employ of the Company or another Subsidiary Affiliate):
 - (i) All outstanding Options and Stock Appreciation Rights then held by the Participant will, to the extent exercisable as of such termination, remain exercisable in full for a period of three (3) months after such termination (but in no event after the expiration date of any such Option or Stock Appreciation Right). Options and Stock Appreciation Rights not exercisable as of such termination will be forfeited and terminate;

- (ii) All Restricted Shares then held by the Participant that have not vested as of such Termination of Employment will be terminated and forfeited; and
- (iii) All Other Share-Based Awards then held by the Participant will be terminated and forfeited.
- (d) Modification of Rights Upon Termination. Notwithstanding the other provisions of this Section 12, upon Participant's Termination of Employment, the Committee may, in its sole discretion (which may be exercised at any time on or after the date of grant, including following such termination), cause Options and Stock Appreciation Rights (or any part thereof) then held by such Participant to become or continue to become exercisable and/or remain exercisable following such Termination of Employment, and Restricted Shares and Other Share-Based Awards then held by such Participant to vest and/or continue to vest or become free of restrictions and conditions to issuance, as the case may be, following such Termination of Employment, in each case in the manner determined by the Committee; provided, however, that no Incentive Award may remain exercisable or continue to vest for more than two years beyond the date such Incentive Award would have terminated if not for the provisions of this Section 12(d) but in no event beyond its expiration date. Modification of an Incentive Stock Option that is intended to qualify under Section 422 of the Code will be limited to those modifications permitted under Section 422 of the Code.
- (e) Effects of Actions Constituting Cause. Notwithstanding anything in the MEIP to the contrary, in the event that a Participant is determined by the Committee, acting in its sole discretion, to have committed any action which would constitute Cause, irrespective of whether such action or the Committee's determination occurs before or after such Participant's Termination of Employment, all rights of the Participant under the MEIP and any agreements evidencing an Incentive Award then held by the Participant shall terminate and be forfeited without notice of any kind. The Company may defer the exercise of any Option or Stock Appreciation Right, the vesting of any Restricted Shares or the issuance of any shares of Common Stock pursuant to any Other Share-Based Award for a period of up to forty-five (45) days in order for the Committee to make any determination as to the existence of Cause.
- (f) Determination of Termination of Employment. Unless the Committee otherwise determines in its sole discretion, a Participant's Termination of Employment will, for purposes of the MEIP, be deemed to have occurred on the date recorded on the personnel or other records of the Company or the Affiliate for which the Participant provides employment, as determined by the Committee in its sole discretion based upon such records.

13. Change in Control

- (a) Change in Control Defined. A "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:
 - (i) any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes during the 12-month period ending on the date of the most recent acquisition, including pursuant to a tender or exchange offer for shares of Common Stock pursuant to which purchases are made, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding securities, other than in a transaction arranged or approved by the Continuity Directors prior to its occurrence; provided, however, that if any such person is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities, a Change in Control will be deemed to have occurred whether or not any or all of such beneficial ownership is obtained in a transaction arranged or approved by the Continuity Directors prior to its occurrence, and provided further that the provisions of this subparagraph (i) shall not be applicable to a transaction in which a corporation becomes the owner of all the Company's outstanding securities in a transaction which complies with the provisions of subparagraph (iii) of this Section 13(a) (e.g., a reverse triangular merger); or
 - (ii) there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary of the Company with any other corporation that constitutes a "change of control" event under Section 409A of the Code (other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, and in which no "person" (as defined under subparagraph (a) above) acquires 50% or more of the combined voting power of the securities of the Company or such surviving entity or parent thereof outstanding immediately after such merger or consolidation); or
 - (iii) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, more than 50% of the combined voting power of

the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

- (iv) during any 12-month period the Continuity Directors cease for any reason to constitute at least a majority of the Board.

For Purposes of this Section 13, "Continuity Director" means any individual who was a member of the Board on the Effective Date, while he or she is a member of the Board, and any individual who subsequently becomes a member of the Board whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors who are Continuity Directors (either by a specific vote or by approval of the proxy statement of the Company in which such individual is named as a nominee for director without objection to such nomination). For example, assuming that twelve individuals comprise the entire Board as of the Effective Date, if a majority of such individuals approved a proxy statement in which two different individuals were nominated to replace two of the individuals who were members of the Board as of the Effective Date, these two newly elected directors would join the remaining ten directors who were members of the Board as of the Effective Date as Continuity Directors. Similarly, if subsequently a majority of these directors approved a proxy statement in which three different individuals were nominated to replace three other directors who were members of the Board as of the Effective Date, these three newly elected directors would also become, along with the other nine directors, Continuity Directors. Individuals subsequently joining the Board could become Continuity Directors under the principles reflected in this example.

- (b) Acceleration of Vesting. Without limiting the authority of the Committee under Sections 4 and 19, if a Change in Control of the Company occurs, then: (i) all Options and Stock Appreciation Rights will become immediately exercisable in full and will remain exercisable in accordance with their terms; (ii) all Restricted Shares will become immediately fully vested and non-forfeitable; and (iii) any conditions to the issuance of shares of Common Stock pursuant to Other Share-Based Awards will lapse.
- (c) Cash Payment. If a Change in Control of the Company occurs, then the Committee, if approved by the Committee in its sole discretion either in an agreement evidencing an Award at the time of grant or at any time after the grant of an Award, and without the consent of any Participant affected thereby, may determine that: (i) some or all Participants holding outstanding Options and/or Stock Appreciation Rights will receive, with respect to some or all of the shares of Common Stock subject to such Options or Stock Appreciation Rights, as of the effective date of any such Change in Control of the Company, cash in an amount equal to the excess of the Fair Market Value of such shares immediately prior to the effective date of such Change in Control of the Company over the exercise price per share of such Options or Stock Appreciation Rights (or, in the event that there is no excess, that such Options or Stock Appreciation Rights will be terminated); and (ii) some or all Participants holding Other Share-Based Awards will receive, with respect to some or all of the shares of Common Stock subject to such Other Share-Based Awards, as of the effective date of any such Change in Control of the Company, cash in an amount equal to the Fair Market Value of such shares immediately prior to the effective date of such Change in Control.

14. Nontransferability of Awards

- (a) Except as otherwise provided by the Committee, each Award granted under this MEIP shall not be transferable other than by will or the laws of descent and distribution, and shall be exercisable, during the Participant's lifetime, only by the Participant.
- (b) Upon a Participant's request, the Committee may, in its sole discretion, permit a transfer of all or a portion of a Nonqualified Stock Option, other than for value, to such Participant's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, any person sharing such Participant's household (other than a tenant or employee), a trust in which any of the foregoing have more than fifty percent of the beneficial interests, a foundation in which any of the foregoing (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent of the voting interests. Any permitted transferee will remain subject to all the terms and conditions applicable to the Participant prior to the transfer. A permitted transfer may be conditioned upon such requirements as the Committee may, in its sole discretion, determine, including, but not limited to execution and/or delivery of appropriate acknowledgements, opinion of counsel, or other documents by the transferee.

15. Other Provisions

The grant of any Award under the MEIP may also be subject to other provisions (whether or not applicable to the grant of an Award to any other Participant) as the Committee determines appropriate, including, without limitation,

- (a) provisions requiring that grants of Awards under the MEIP be evidenced by a written agreement, notice or schedule (in form and substance as deemed appropriate by the Committee);
- (b) provisions concerning vesting;
- (c) restrictions on resale or other disposition of shares of Common Stock delivered in connection with such Awards;
- (d) such provisions or, as determined by the Committee, modifications to outstanding Awards as may be appropriate to comply with federal or state securities laws and stock exchange requirements;
- (e) understandings or conditions as to the Participant's employment in addition to those specifically provided for under the MEIP; and

(f) other provisions and terms not inconsistent with the MEIP.

16. Tax Withholding

The Company is entitled to withhold the amount of taxes which the Company in its discretion deems necessary to satisfy any applicable federal, state and local tax withholding obligations arising from Awards granted under the MEIP, or to make other appropriate arrangements with Participants to satisfy such obligations. The Committee may, in its sole discretion and upon terms and conditions established by the Committee, permit or require a Participant to satisfy, in whole or in part, any withholding or employment-related tax obligation described in this Section by electing to tender, or by attestation as to ownership of, Previously Acquired Shares that have been held for the period of time necessary to avoid a charge to the Company's earnings for financial reporting purposes and that are otherwise acceptable to the Committee, by delivery of a Broker Exercise Notice or a combination of such methods. For purposes of satisfying a Participant's withholding or employment-related tax obligation, Previously Acquired Shares tendered or covered by an attestation will be valued at their Fair Market Value.

17. Limitation of Implied Rights

- (a) Neither a Participant nor any other person shall, by reason of participation in the MEIP or the grant of any Award hereunder, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the MEIP. A Participant shall have only a contractual right to the shares of Common Stock or amounts, if any, payable under the MEIP, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the MEIP shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any amounts to any person.
- (b) The MEIP does not constitute a contract of employment, and selection as a Participant will not give such Participant the right to be so retained in the employ of the Company or any Subsidiary, nor any right or claim to any benefit under the MEIP, unless such right or claim has specifically accrued under the terms of the MEIP. Except as otherwise provided in the MEIP, no Award granted under the MEIP shall confer upon any Participant any rights as shareholder of the Company prior to the date on which the Participant fulfills all conditions for receipt of such rights.

18. Successors and Assigns

The MEIP and any Award granted thereafter shall be binding on all successors and assigns of the Company and a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

19. Adjustment Provisions

In the event of a corporate transaction involving the Company (including, without limitation, any Common Stock dividend, Common Stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the Committee may adjust Awards without enlargement or diminution to preserve the benefits or potential benefits of the Awards intended to be made available under the MEIP. Action by the Committee may include: (i) adjustment of the number and kind of shares which may be delivered under the MEIP; (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the Exercise Price of outstanding Incentive Stock Options, Nonqualified Stock Options and Stock Appreciation Rights; (iv) cancellation or termination of outstanding Awards in exchange for a payment (in cash or property) to the Participant of an amount determined by the Committee prior to such provision to be equitable; (v) substitution of other awards or rights in place of outstanding Awards on terms and conditions determined by the Committee prior to such provision to be equitable; and (vi) any other adjustments that the Committee determines prior to such provision to be equitable or appropriate.

20. Amendment or Termination

The Board may amend the MEIP from time to time or terminate the MEIP at any time, but no such action, without the Participant's consent, shall adversely affect the rights of a Participant under any Award granted, and no such amendments to the MEIP will be effective without approval of the Company's stockholders if: (i) stockholder approval of the amendment is then required pursuant to Section 422 of the Code or the rules of any national securities exchange or the Nasdaq Stock Market if the Common Stock is listed or quoted thereon; or (ii) such amendment seeks to modify Section 4(b) or 13(b) hereof.

21. Choice of Law

The validity, construction, interpretation, administration and effect of the MEIP and any rules, regulations and actions relating to the MEIP will be governed by and construed exclusively in accordance with the internal, substantive laws of the State of Delaware, notwithstanding the conflicts of laws principles of any jurisdictions. In the event of any conflict or inconsistency between the MEIP and any agreement or notice evidencing an Award, the MEIP shall prevail.

UAL Corporation

2006 DIRECTOR EQUITY INCENTIVE PLAN

1. Description.

(a) Purpose. The purpose of the UAL Corporation 2006 Director Equity Incentive Plan (the "DEIP") is to attract and retain the services of experienced and knowledgeable non-employee directors by providing such directors with greater flexibility in the form and timing of receipt of compensation for their service on the Board of Directors and an opportunity to obtain a greater proprietary interest in the Company's long-term success and progress through the receipt of equity-based awards, thereby aligning such directors' interests more closely with the interests of the Company's stockholders. The DEIP is intended to be unfunded for tax purposes. For amounts payable under the DEIP that constitute "deferred compensation" within the meaning of Section 409A of the Code, the DEIP is intended to comply in form and operation with the requirements of Section 409A of the Code. The DEIP will be construed and administered in a manner that is consistent with and gives effect to the foregoing.

(b) Effective Date. This DEIP shall be effective as of the effective date of a confirmed Plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "Effective Date") and shall remain in effect as long as any Periodic Awards or Accounts under it remain outstanding.

2. Definitions.

The definitions set forth in this Section 2 apply unless the context otherwise indicates.

(a) Account. "Account" means the bookkeeping account or accounts maintained with respect to a Participant pursuant to Section 6.

(b) Affiliate. "Affiliate" means all persons with whom the Company would be considered a single employer under Section 414(b) or 414(c) of the Code.

(c) Annual Meeting Date. "Annual Meeting Date" means the date on which the annual meeting of the Company's stockholders is held.

(d) Beneficiary. "Beneficiary" with respect to a Participant is the person designated or otherwise determined under the provisions of Section 7(g) as the distributee of benefits payable after the Participant's death. A person designated or otherwise determined to be a Beneficiary under the terms of the DEIP has no interest in or right under the DEIP until the Participant in question has died. A person will cease to be a Beneficiary on the day on which all benefits to which such person is entitled under the DEIP have been distributed.

(e) Board. "Board" means the board of directors of the Company.

(f) Broker Exercise Notice. "Broker Exercise Notice" means a written notice pursuant to which a Participant, upon exercise of an Option, irrevocably instructs a broker or dealer to sell a sufficient number of shares or loan a sufficient amount of money to pay all or a portion of the exercise price of the Option and/or any related withholding tax obligations and remit such sums to the Company and directs the Company to deliver stock certificates to be issued upon such exercise directly to such broker or dealer or their nominee.

(g) Cash Account. "Cash Account" means an Account to which deferred amounts are credited pursuant to Section 6(b) and earnings thereon are credited pursuant to Section 6(d)(i) in U.S. dollars.

(h) Cause. "Cause" means dishonesty, fraud, misrepresentation, embezzlement or deliberate injury or attempted injury, in each case related to the Company or any subsidiary or any material breach of any confidentiality agreement entered into with the Company or any subsidiary.

(i) Change in Control. A "Change in Control" means an event described in Section 12, provided, such event is a "change of control" as such term is defined in Section 409A of the Code.

(j) Code. "Code" means the Internal Revenue Code of 1986, as amended (including, when the context requires, all regulations, interpretations and rulings issued thereunder). Any reference to a specific provision of the Code includes a reference to that provision as it may be amended from time to time and to any successor provision.

(k) Committee. A committee of the Board, provided that, so long as the Company has a class of its equity securities registered under Section 12 of the Exchange Act, such committee will consist solely of two or more members of the Board who are "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act. As of the Effective Date, the "Committee" is the Nominating / Governance Committee of the Board or such other committee or person to whom administrative duties are delegated pursuant to the provisions of Section 16(a), as the context requires.

(l) Company. "Company" means UAL Corporation.

(m) Continuity Director. "Continuity Director" means any individual who was a member of the Board on the Effective Date, while he or she is a member of the Board, and any individual who subsequently becomes a member of the Board whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors who are Continuity Directors (either by a specific vote or by approval of the proxy statement of the Company in which such individual is named as a nominee for director without objection to such nomination). For example, assuming that twelve individuals comprise the entire Board as of the Effective Date, if a majority of such individuals approved a proxy statement in which two different individuals were nominated to replace two of the individuals who were members of the Board as of the Effective Date, these two newly elected directors would join the remaining ten directors who were members of the Board as of the Effective Date. Similarly, if subsequently a majority of these directors approved a proxy statement in which three different individuals were nominated to replace three other directors who were members of the Board as of the Effective Date, these three newly elected directors would also become, along with the other nine directors, Continuity Directors. Individuals subsequently joining the Board could become Continuity Directors under the principles reflected in this example.

(n) DEIP. "DEIP" means this UAL Corporation 2006 Director Equity Incentive Plan, as from time to time amended or restated.

- (o) Director Cash Compensation. "Director Cash Compensation" means all cash amounts payable by the Company to a Qualified Director for his or her services to the Company as a Qualified Director, (i) including, without limitation, the retainers for service on the Board and fees specifically paid for attending regular or special meetings of the Board and Board committees or for acting as the chair of a committee, but (ii) excluding expense allowances or reimbursements and insurance premiums.
- (p) Disability. "Disability" means the Qualified Director, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, is unable to engage in any substantial gainful activity; provided the Qualified Director is considered "disabled" within the meaning of Section 409A of the Code. Such Disability will be determined by the Committee on the basis of medical evidence satisfactory to it.
- (q) Election Period. "Election Period" means a period of one calendar year, commencing on each January 1 and ending on each December 31. In the case of a newly eligible Qualified Director who commences participation in the DEIP following the Effective Date and following the first day of the calendar year, the Election Period is such partial calendar year described in Section 6(b)(ii).
- (r) Market Price. "Market Price" means (i) the average of the high and low sale prices of a Share during the regular trading session on a specified date or, if Shares were not then traded, during the regular trading session on the most recent prior date when Shares were traded, all as quoted in The Wall Street Journal reports of New York Stock Exchange - Composite Transactions; or (ii) if the Shares are not so listed, admitted to unlisted trading privileges, or reported on any national exchange or on the Nasdaq National Market, the mean between the lowest and highest reported sales prices as of such date, as reported by the Nasdaq Small Cap Market, OTC Bulletin Board, the Bulletin Board Exchange (BBX) or the National Quotation Bureaus, Inc., or other comparable service; or (iii) if the Shares are not so listed or reported, such price as the committee determines in good faith in the exercise of its reasonable discretion.
- (s) Option. "Option" means an option to purchase Shares granted to Qualified Directors from time to time pursuant to Section 8.
- (t) Participant. "Participant" is a current or former Qualified Director who has been granted an Option under the DEIP or to whose Account amounts have been credited pursuant to Section 6 and who has not ceased to be a Participant pursuant to Section 4(d).
- (u) Periodic Award. "Periodic Award" means an award described in Section 5(c).
- (v) Plan Rules. "Plan Rules" are rules, policies, practices or procedures adopted by the Committee pursuant to Section 16(b), which need not be reflected in a written instrument and may be changed at any time without notice.
- (w) Previously Acquired Shares. "Previously Acquired Shares" means Shares that are already owned by the Participant that have been held for the period of time necessary to avoid a charge to the Company's earnings for financial reporting purposes and that are otherwise acceptable to the Committee.
- (x) Prime Rate. "Prime Rate" means the Bloomberg Prime Rate Composite ("Prime Rate by Country US-BB Comp").
- (y) Qualified Director. "Qualified Director" means an individual who is a member of the Board and who is not an employee of the Company or any Affiliate.
- (z) Qualified Retirement. A Qualified Director has a "Qualified Retirement" if he or she attained age 60 and has completed five (5) or more continuous years of service as a member of the Board.
- (aa) Restricted Stock. "Restricted Stock" has the meaning provided in Section 10.
- (bb) Securities Act. "Securities Act" means the Securities Act of 1933, as amended. Any reference to a specific provision of the Securities Act includes a reference to that provision as it may be amended from time to time and to any successor provision.
- (cc) Separation from Service. "Separation from Service" means a termination of a Participant's service with the Company and all Affiliates as a director and non-employee consultant/advisor, provided such termination constitutes a "separation from service" within the meaning of Section 409A of the Code, or such other change in the Participant's relationship with the Company and all Affiliates that constitutes a "separation from service" within the meaning of Section 409A of the Code.
- (dd) Share Account. "Share Account" means an Account to which credits are made pursuant to Section 6(a), or deferred amounts are credited pursuant to Section 6(b) and/or 6(c) and earnings are credited pursuant to Section 6(d)(ii) in Share Units.
- (ee) Share Unit Compensation. "Share Unit Compensation" means the compensation paid to a Qualified Director in the form of credits to his or her Share Account pursuant to Section 6(a).
- (ff) Share Units. "Share Units" means a unit credited to a Participant's Share Account at the discretion of the Board pursuant to Section 6 that represents the economic equivalent of one Share. A Participant will not have any rights as a stockholder with respect to Share Units until the Participant is distributed Shares pursuant to Section 7.
- (gg) Shares. "Shares" means shares of common stock of the Company \$.01 par value per share issued on or after the Effective Date, or such other class or kind of shares or other securities as may be applicable pursuant to Section 3.
- (hh) Stock Appreciation Rights. "Stock Appreciation Rights" has the meaning provided in Section 9.
- (ii) Unforeseeable Emergency. "Unforeseeable Emergency" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, or his or her spouse or dependent (within the meaning of Section 152(a) of the Code), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant but only if and to the extent it constitutes an "unforeseeable emergency" within the meaning of Section 409A of the Code. The existence of an unforeseeable emergency will be determined by the Committee.

3. Shares Subject to Plan.

(a) Maximum Number of Shares Available. Subject to adjustment as provided in paragraph (c), the maximum number of Shares that will be available for issuance or distribution under the DEIP will be 175,000 Shares. The Shares available for issuance or distribution under the DEIP may, at the election of the Committee, be either treasury shares or shares authorized but unissued. If treasury shares are used, all references in the DEIP to the issuance or distribution of Shares will, for corporate law purposes, be deemed to mean the transfer of shares from treasury.

(b) Accounting. Shares that are issued or distributed under the DEIP or that are subject to outstanding Periodic Awards granted or Share Units credited under the DEIP will be applied to reduce the maximum number of Shares remaining available for issuance or distribution under the DEIP. Any Shares that are subject to a Periodic Award granted under the DEIP that lapses, expires, is forfeited or for any reason is terminated unexercised and any Shares that are subject to Share Units in a Share Account that are forfeited will automatically again become available for issuance or distribution under the DEIP. To the extent that the exercise price of any Option or Stock Appreciation Right granted under the DEIP is paid by attestation as to ownership of Previously Acquired Shares, only the number of Shares issued net of the number of Shares attested to will be applied to reduce the maximum number of Shares remaining available for issuance under the DEIP.

(c) Adjustment to Shares and Share Units. In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture or extraordinary dividend (including a spin-off) or any other similar change in the Company's corporate structure or the Shares, the Board (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) will make appropriate adjustment (which determination will be conclusive) as to the number and kind of securities or other property (including cash) available for issuance or distribution under the DEIP and as to the number and kind of Share Units credited to Share Accounts and the number and kind of securities as to which Periodic Awards are to be granted and, in order to prevent dilution or enlargement of the rights of Participants holding Options or Stock Appreciation Rights, the number, kind and exercise price of securities subject to outstanding Options and Stock Appreciation Rights.

4. Participation.

(a) Eligibility.

(i) Each individual who is a Qualified Director who is entitled to Share Unit Compensation at any time during a calendar year is eligible to have such credit made to his or her Share Account pursuant to Section 6(a).

(ii) Each individual who is a Qualified Director on the first day of a calendar year is eligible to make deferral elections pursuant to Section 6(b) and/or 6(c) with respect to such calendar year. An individual who becomes a Qualified Director after the first day of a calendar year is eligible to make a deferral election pursuant to Section 6(b) with respect to the remainder of such calendar year. Each individual who has made a valid election pursuant to Section 6(b) or 6(c) and is a Qualified Director at any time during a calendar quarter with respect to which a credit is made pursuant to Section 6(b) or 6(c) shall have such credit made to his or her Account pursuant to such Section 6(b) or 6(c), as the case may be.

(iii) Each Qualified Director is eligible to receive Periodic Awards pursuant to Section 5(c).

(b) Ceasing to be Eligible. An individual who ceases to be a Qualified Director is not eligible to receive any subsequent Periodic Awards pursuant to Section 5(c) or to make any subsequent elections or receive further credits pursuant to Section 6, other than such credits relating to the period prior to such cessation and, if applicable, earnings credits under Section 6.

(c) Condition of Participation. Each Participant, as a condition of participation in the DEIP, is bound by all the terms and conditions of the DEIP and the Plan Rules, including but not limited to the reserved right of the Company to amend or terminate the DEIP, and must furnish to the Committee such pertinent information, and execute such election forms and other instruments, as the Committee or Plan Rules may require by such dates as the Committee or Plan Rules may establish.

(d) Termination of Participation. An individual will cease to be a Participant as of the date on which he or she is no longer a Qualified Director and his or her outstanding Periodic Awards have been exercised, cancelled, vested or expired and his or her entire Account balances have been distributed.

5. Benefits.

(a) Components of Director Compensation. Qualified Directors who are eligible under Section 4(a) may receive Periodic Awards, Share Unit Compensation and Director Cash Compensation as part of their compensation for services rendered as directors of the Company, all as determined by the Board from time to time. A Qualified Director may defer the receipt of some or all of his or her Director Cash Compensation through credits to his or her Cash Account and/or Share Account, and may defer the receipt of Shares that he or she would otherwise be issued under a Periodic Award through credits to his or her Share Account.

(b) Share Unit Compensation. At the discretion of the Board, each Qualified Director may receive Share Unit Compensation, which is additional annual compensation in the form of credits to the Qualified Director's Share Account.

(c) Periodic Awards. At the discretion of the Board, a Qualified Director may be granted from time to time one or more equity-based awards, which may include (i) Options, (ii) Restricted Stock, (iii) Stock Appreciation Rights and/or (iv) Shares. The terms of Options, Restricted Stock and Stock Appreciation Rights are set forth in Sections 8, 9 and 10, respectively.

(d) Deferral Accounts. For each Participant, the Committee will establish and maintain a Cash Account and a Share Account to evidence deferred amounts credited with respect to the Participant pursuant to Section 6. Each Participant will always have a fully-vested, nonforfeitable right to that portion of his or her Account credited under Sections 6(a), 6(b) and 6(c) and the earnings credits thereon. A Participant's interest in Share Units reflecting the deferral of receipt of Shares subject to vesting will be nonforfeitable at the times and in the amounts provided under the vesting requirements established in the Periodic Award.

(e) Receipt of Shares in Lieu of Director Cash Compensation. A Qualified Director may elect to forego receipt of all or any portion of the Director Cash Compensation payable to him or her for any period and instead receive whole Shares of equivalent value to the Director Cash Compensation so foregone. An election under this Section 5(e) will be valid only if it is in writing, signed by the Qualified Director, filed with the Committee before receipt of the Director Cash Compensation and otherwise in accordance with Plan Rules. Once in effect, an election under this

Section 5(e) shall remain in effect until it is revised or revoked in accordance with Plan Rules. The number of whole Shares to be distributed to the Qualified Director by reason of an election under this Section 5(e) shall be equal to the quotient of (i) the dollar amount of the Director Cash Compensation the Qualified Director has elected to have paid to him or her in Shares, divided by (ii) the Market Price as of the date on which the Director Cash Compensation would otherwise have been payable to the Qualified Director. The Market Price of any fractional Share shall be paid to the Qualified Director in cash.

6. Participant Deferral Accounts.

(a) Share Unit Compensation. The amount of the Qualified Director's Share Unit Compensation to be credited to his or her Share Account will be expressed in U.S. dollars and determined from time to time by the Board. A Qualified Director's Share Account will be credited pursuant to this section on the last day of each calendar quarter with the number of whole and fractional Share Units equal to the quotient of: (i) the dollar amount of the Share Unit Compensation allocated to such full calendar quarter, divided by (ii) the Market Price on the last day of the calendar quarter. If a Qualified Director has not served for the entire calendar quarter for which the Share Unit Compensation relates, the amount credited to the Qualified Director's Share Account will be based on the dollar amount of the Share Unit Compensation earned by the Qualified Director during the portion of the calendar quarter for which he or she served.

(b) Deferral of Director Cash Compensation. Elective deferrals of Director Cash Compensation will be made in accordance with the following rules:

(i) Election to Defer Director Cash Compensation. Each Qualified Director may elect, in accordance with this Section 6(b) and Plan Rules, to defer the receipt of all or a portion of his or her Director Cash Compensation relating to services performed and Director Cash Compensation earned during an Election Period. The Committee will credit his or her Cash Account and/or Share Account with the amount of compensation the Qualified Director elected to defer. Any such deferral election will automatically apply to the Participant's Director Cash Compensation, as the amount of such Director Cash Compensation is adjusted from time to time.

(ii) Time of Filing Election. A deferral election pursuant to this Section 6(b) will not be effective unless it is made on a properly completed election form received by the Committee before the first day of the Election Period to which the deferral election relates or, in the case of an individual who first becomes a Qualified Director on or after the first day of the calendar year, within 30 days after the date such individual becomes a Qualified Director. Any election made under this clause (ii) will apply only to Director Cash Compensation payable for services performed after the effective date of the election, with a proportionate reduction (determined on the basis of calendar days) in any payment due for a service period that includes services performed before the effective date of the election.

(iii) Allocation of Deferral. In conjunction with each deferral election made pursuant to this Section 6(b), a Qualified Director shall elect, in accordance with and subject to Plan Rules, how the deferral is to be allocated (in increments of ten percent only) among his or her Cash Account and Share Account. The sum of such percentages must not exceed 100 percent. Any portion of the deferral for which no election is made will be allocated to the Qualified Director's Cash Account.

(iv) Credits. Director Cash Compensation deferred pursuant to this Section 6(b) will be credited to a Qualified Director's Cash Account and/or Share Account, as elected, as of the last day of each calendar quarter. Such credits to the Qualified Director's Cash Account will be in United States dollars equal to the amount of the deferral allocated to such Account. Credits to a Qualified Director's Share Account will be the number of whole and fractional Share Units determined by dividing the United States dollar amount of the deferral allocated to the Share Account by the Market Price of a Share on the last day of the calendar quarter.

(v) Succeeding Election Periods. Unless the election is revoked pursuant to clause (vii), a deferral election made pursuant to this section will remain in effect until the last day of the calendar year in which it is revoked or modified in accordance with Plan Rules. The Qualified Director may change his or her deferral by delivering a new deferral election not later than the day before the first Election Period to which the new deferral election relates.

(vi) Irrevocability. Except as provided in clause (vii), a deferral election made pursuant to this Section 6(b) for an Election Period is irrevocable after the latest date by which the deferral election is required to be given to the Committee for such Election Period.

(vii) Revocation. Any deferral election made under Section 6(b) by a Participant who receives a distribution pursuant to Section 7(b) will be revoked to the extent the Participant satisfies the requirements of Section 7(b) and Plan Rules, and no further amounts will be deferred until the Qualified Director makes a new, effective deferral election under Section 6(b).

(viii) Code Section 409A. An election, or revocation of an election, under this Section 6(b) shall be permitted only if it complies with the requirements of Section 409A of the Code.

(c) Deferral of Restricted Stock or Shares Issuable Under Periodic Awards. Each Qualified Director may elect, in accordance with this Section 6(c) and Plan Rules, to defer receipt of all or a portion of the Shares or Restricted Stock issuable pursuant to a Periodic Award granted under the DEIP, other than on account of an Option or Stock Appreciation Right.

(i) Time of Filing Election. A deferral election made pursuant to this Section 6(c) will not be effective unless it is made on a properly completed election form received by the Committee before the first day of the Election Period to which the deferral election relates or, in the case of an individual who first becomes a Qualified Director on or after the first day of the Election Period, within 30 days after the date such individual becomes a Qualified Director. Any election made under this clause applies to the Qualified Director's receipt of Restricted Stock or Shares relating to services performed after the effective date of the election.

(ii) Credits. Deferral of the receipt of Shares pursuant to this Section 6(c) will be credited to the Qualified Director's Share Account as of the day of the issuance of the Award of Restricted Stock or Shares, as the case may be. The number of Share Units credited to the Qualified Director's Share Account will equal the number of Shares otherwise issuable following the grant of the Periodic Award of Restricted Stock or Shares, as the case may be.

(iii) Succeeding Election Periods. Unless the election is revoked pursuant to clause (v), a deferral election made pursuant to this section will remain in effect until the last day of the calendar year in which it is revoked or modified in accordance with Plan Rules. The Qualified Director may change his or her deferral by delivering a new deferral election not later than the day before the first Election Period to which the new deferral election relates.

(iv) Irrevocability. Except as provided in clause (v), a deferral election made pursuant to this Section 6(c) that is in effect for an Election Period is irrevocable after the latest date by which the deferral election is required to be given to the Committee for such Election Period.

(v) Revocation. Any deferral election made under Section 6(c) by a Participant who receives a distribution pursuant to Section 7(b) will be revoked to the extent the Participant satisfies the requirements of Section 7(b) and Plan Rules, and no further amounts will be deferred until the Qualified Director makes a new, effective deferral election under Section 6(c).

(vi) Code Section 409A. An election, or revocation of an election, under this Section 6(c), shall be permitted only if it complies with the requirements of Section 409A of the Code.

(d) Earnings Credits.

(i) Cash Accounts. As of the last day of each calendar quarter, and before any credits have been made pursuant to Section 6 on such date, a Participant's Cash Account will be credited with interest, calculated on the balance in the Cash Account as of the last day of the immediately preceding calendar quarter at the Prime Rate in effect on such date.

(ii) Share Accounts. A Participant's Share Account will be credited as of the date on which dividends are paid on Shares with that number of whole and fractional Share Units determined by dividing the dollar amount of the dividends that would have been payable to the Participant if the number of Share Units credited to the Participant's Share Account on the record date for such dividend payment had then been Shares registered in the name of such Participant by the Market Price of a Share on the date as of which the credit is made.

7. Distributions.

(a) Distribution of Accounts Following Separation from Service.

(i) Distribution Elections.

(A) Initial Election. Subject to Sections 7(b), 7(c) and 7(h), a Participant may elect, in accordance with Plan Rules and subject to Section 409A of the Code, the manner of distribution (as described in clause (ii)) or the time of distribution (as defined in clause (iv)), provided such election, as it relates to deferrals under Section 6(b) or (c), is made no later than the date of the related deferral election and, as it relates to Share Unit Compensation credited under Section 6(a), is made no later than the close of the calendar year preceding the calendar year during which the services giving rise to such compensation are performed, or, in the case of an individual who first becomes a Qualified Director on or after the first day of the calendar year, within 30 days after the date such individual becomes a Qualified Director.

(B) Redeferral Election. A Participant may elect to change the time and manner of his or her distribution provided (X) the Participant elects, in accordance with Plan Rules and subject to Section 409(A) of the Code, at least twelve (12) months prior to the date that the Participant's first scheduled payment was to begin, (Y) the election may not take effect until at least 12 months after the date on which the election is made, and (Z) the election defers the first payment at least five (5) years beyond the date payment otherwise would have been made.

(ii) Form of Distribution. A Participant's Cash Account and Share Account will be distributed as provided in this Section 7(a) in a lump sum payment unless the Participant has elected, as provided in Section 7(a)(i), to receive his or her distribution in the form of annual installment payments for a period of not more than 10 years.

(iii) Medium of Distribution. Any distribution from a Participant's Cash Account will be made in cash only. Subject to Section 14, any distribution from a Participant's Share Account will be made in whole Shares only, rounded up to the next whole Share.

(iv) Time of Distribution. Distribution to a Participant will be made (if in a lump sum) or will commence (if in installments) as soon as administratively practicable after the January 1 immediately following the date the Participant experiences a Separation from Service unless the Participant has elected to defer commencement of distribution until a future date as provided in Section 7(a)(i); provided that if a lump sum distribution from a Participant's Share Account would otherwise be made after the record date for a dividend but before the payment date for such dividend, the distribution of the dividend will be made as soon as administratively practicable after the earnings credits has been made to the Share Account pursuant to Section 6(d) on the payment date of the dividend.

(v) Amount of Distribution for Cash Account.

(A) Lump Sum. The amount of a lump sum payment from a Participant's Cash Account will be equal to the balance of the Cash Account as of the time of the distribution.

(B) Installments. The amount of each installment payment from a Participant's Cash Account will be determined by dividing the balance of the Cash Account as of the distribution date for such installment payment by the total number of remaining payments (including the current payment).

(vi) Amount of Distribution for Share Account.

(A) Lump Sum. A lump sum distribution from a Participant's Share Account will consist of the number of Shares equal to the number of Share Units credited to the Share Account as of the time of distribution, rounded up to the next whole Share.

(B) Installments. Each installment distribution from a Participant's Share Account will consist of the number of Shares determined by dividing the number of whole Share Units credited to the Share Account as of the distribution date for such installment distribution by the total number of remaining payments (including the current payment) and rounding the quotient to the next whole Share.

(b) Distribution Due to Unforeseeable Emergency. Notwithstanding any distribution election by a Participant to the contrary, a distribution will be made to a Participant from his or her Account if the Participant submits a written distribution request to the Committee and the Committee determines that the Participant has experienced an Unforeseeable Emergency. The amount of the distribution may not exceed the amount necessary to satisfy the Unforeseeable Emergency plus the amount necessary to pay taxes, as determined by the Committee. Payments made on account of an Unforeseeable Emergency will not be made to the extent that such Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent that such liquidation would not itself cause severe financial hardship) or by cessation of deferrals under Section 6(b) and/or 6(c) for the balance of the calendar year, provided the determination of such limitations is consistent with the requirements of Section 409A of the Code. Any distribution pursuant to this Section 7(b) will be made as soon as administratively practicable after the Committee's determination that the Participant has experienced an Unforeseeable Emergency and in the form of a lump sum payment that is in cash from the Cash Account and in Shares from the Share Account (rounded up to the next whole Share). Any distribution pursuant to this Section 7(b) will be made first from the Participant's Cash Account and then from the Participant's Share Account.

(c) Small Benefits.

(i) Cash Account. Each installment distribution to a Participant who has experienced a Separation from Service will be at least \$2,500 or such smaller amount that equals the balance of the Participant's Cash Account.

(ii) Share Account. If the balance of the Share Account of a Participant who has experienced a Separation from Service is fewer than 100 Share Units as of the day of any installment distribution pursuant to Section 7(a)(v)(B), such remaining balance will be distributed to the Participant, as soon as administratively practicable, in the form of a lump sum distribution, that will consist of the number of Shares equal to the number of Share Units credited to the Share Account as of that date, rounded up to the next whole Share. Each installment distribution to a Participant who has experienced a Separation from Service must be at least 100 Share Units or such smaller number of Share Units that remains in the Participant's Share Account.

(d) Payment in Event of Incapacity. If any individual entitled to receive any payment under the DEIP is, in the judgment of the Committee, physically, mentally or legally incapable of receiving or acknowledging receipt of the payment, and no legal representative has been appointed for the individual, the Committee may (but is not required to) cause the payment to be made to any one or more of the following as may be chosen by the Committee: the Beneficiary (in the case of the incapacity of a Participant); the institution maintaining the individual; a custodian for the individual under the Uniform Transfers to Minors Act of any state; or the individual's spouse, child, parent, or other relative by blood or marriage. The Committee is not required to see to the proper application of any such payment, and the payment completely discharges all claims under the DEIP against the Company, and the DEIP to the extent of the payment.

(e) Reduction of Account Balance. The balance of the Cash or Share Account from which a distribution is made will be reduced, as of the date of the distribution, by the cash amount or number of Shares distributed, as the case may be.

(f) Distribution to a Beneficiary. Following a Participant's death, the balances of the Participant's Cash and Share Accounts will be distributed to the Participant's Beneficiary in a lump sum payment whether or not payments had commenced to the Participant in the form of installments prior to his or her death. Any distribution from a Participant's Cash Account will be made in cash and any distribution from a Participant's Share Account will be made in whole Shares, rounded up to the next whole Share. Distributions will be subject to the following:

(i) Time. Distribution to a Beneficiary will be made as soon as administratively practicable after the end of the calendar quarter during which the Committee receives notice of the Participant's death; provided that if a distribution from the Participant's Share Account would otherwise be made after the record date for a dividend but before the payment date for such dividend, the distribution of the dividend will be made as soon as administratively practicable after the earnings credit has been made to the Share Account pursuant to Section 6(d) on the payment date of the dividend.

(ii) Amount. The amount of the lump sum payment from a Participant's Cash Account will be equal to the sum of the balances of the Cash Account on the date of distribution. A lump sum distribution from a Participant's Share Account will consist of the number of Shares equal to the number of Share Units credited to the Share Account, rounded up to the next whole Share.

(g) Beneficiary Designation.

(i) Each Participant may designate, in accordance with Plan Rules, one or more primary Beneficiaries or alternative Beneficiaries to receive all or a specified part of the balance of his or her Cash or Share Accounts after his or her death. The Participant may change or revoke any such designation from time to time without notice or consent from any person. No such designation, change or revocation is effective unless completed and received by the Committee during the Participant's lifetime.

(ii) Any portion of a Participant's Cash and Share Accounts for which the Participant fails to designate a Beneficiary, revokes a Beneficiary designation without naming another Beneficiary or designates one or more Beneficiaries, none of whom survives the Participant or exists at the time in question, will be paid to the Participant's surviving spouse or, if the Participant is not survived by a spouse, to the representative of the Participant's estate.

(iii) The automatic Beneficiaries specified above and, unless the designation otherwise specifies, the Beneficiaries designated by the Participant, become fixed as of the Participant's death so that, if a Beneficiary survives the Participant but dies before the receipt of the payment due such Beneficiary, the payment will be made to the representative of such Beneficiary's estate. Any designation of a Beneficiary by name that is accompanied by a description of the relationship or only by a statement of relationship

to the Participant is effective only to designate the person or persons standing in such relationship to the Participant at the Participant's death.

(h) Modification of Time and Manner of Payment. Notwithstanding the foregoing, the Committee in its sole and absolute discretion, may distribute all balances in the Cash Account or Share Account to the Participant in a lump sum as of any date but only if and to the extent permitted under Section 409A of the Code. Nothing herein shall be construed to grant a Participant the right to elect a modification of the time or manner for receiving payments hereunder, including on account of termination of the Plan.

8. Options.

All Options granted by the Board under the DEIP will be governed by the following terms and conditions:

- (a) Non-Statutory Options. All Options granted under the DEIP will be non-statutory stock options not entitled to special tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended to date and as may be amended from time to time (the "Code").
- (b) Option Exercise Price. The exercise price per Share purchasable under an Option granted under the DEIP will be not less than 100% of the Market Price on the date of grant of the Option.
- (c) Exercisability of Options. Each Option granted under the DEIP will be immediately exercisable, unless the Award notice provides otherwise.
- (d) Duration of Options; Effect of Cessation as Director. Except as provided in Section 11, each Option granted under the DEIP will terminate ten years after its Date of Grant. If the Participant ceases to serve as a director on the Board for any reason other than a Qualified Retirement, then the Option will remain exercisable until the earlier of the expiration of five years after the date the Participant ceased to serve as a director of the Company or the remaining term of the Option. If the Participant ceases to serve as a director on the Board or account of a Qualified Retirement all Options will become immediately exercisable in full and will remain exercisable in full until the expiration of the Option.
- (e) Manner of Option Exercise. An Option granted under the DEIP may be exercised by a Participant in whole or in part from time to time, subject to the conditions contained in the DEIP, by delivering in person, by facsimile or electronic transmission or through the mail notice of exercise to the Company at its principal executive office, and by paying in full the total exercise price for the Shares to be purchased in accordance with paragraph (f). Such notice will specify the particular Option that is being exercised (by the date of grant and total number of Shares subject to the Option) and the number of Shares with respect to which the Option is being exercised.
- (f) Payment of Exercise Price. The total purchase price of the shares to be purchased upon exercise of an Option granted under the DEIP will be paid entirely in cash (including check, bank draft or money order); provided, however, that the Committee, in its sole discretion and upon terms and conditions established by the Committee, may allow such payments to be made, in whole or in part, by tender of a Broker Exercise Notice, by tender, or attestation as to ownership, of Previously Acquired Shares, or by a combination of such methods. For purposes of such payment, Previously Acquired Shares tendered or covered by an attestation will be valued at the Market Price on the exercise date.
- (g) Restrictions on Transfer.
- (i) Except pursuant to testamentary will or the laws of descent and distribution or as otherwise expressly permitted by clauses (ii) or (iii) below, no right or interest of any Participant in an Option granted under the DEIP prior to the exercise of such Option will be assignable or transferable, or subjected to any lien, during the lifetime of the Participant, either voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise.
- (ii) A Participant will be entitled to designate a beneficiary to receive an Option granted under the DEIP upon such Participant's death, and in the event of a Participant's death, payment of any amounts due under the DEIP will be made to, and exercise of any Options (to the extent permitted pursuant to Section 15) may be made by, the Participant's legal representatives, heirs and legatees.
- (iii) A Participant who is a director of the Company will be entitled to transfer all or a portion of an Option granted under the DEIP, other than for value, to such Participant's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, any person sharing such Participant's household (other than a tenant or employee), a trust in which any of the foregoing have more than fifty percent of the beneficial interests, a foundation in which any of the foregoing (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent of the voting interests. Any permitted transferee will remain subject to all the terms and conditions applicable to the Participant prior to the transfer. A permitted transfer may be conditioned upon such requirements as the Committee may, in its sole discretion, determine, including, but not limited to execution and/or delivery of appropriate acknowledgements, opinion of counsel, or other documents by the transferee.
- (h) Rights as a Stockholder. No Participant will have any rights as a stockholder with respect to any Shares covered by an Option granted under the DEIP until the Participant has exercised such Option, paid the exercise price and become the holder of record of such Shares, and, except as otherwise provided in Section 3(c), no adjustments will be made for dividends or other distributions or other rights as to which there is a record date preceding the date the Participant becomes the holder of record of such Shares.

9. Stock Appreciation Rights.

A Stock Appreciation Right may be granted by the Board to the holder of any Option granted hereunder. In addition, a Stock Appreciation Right may be granted independently of and without relation to any Option. Stock Appreciation Rights shall be subject to such terms and conditions consistent with the DEIP as the Board shall impose from time to time including the following:

- (a) A Stock Appreciation Right may be granted with respect to an Option at the time of its grant or at any time thereafter.
- (b) Each Stock Appreciation Right will entitle the Participant to elect to receive in cash up to 100% of the appreciation in Market Price of the Shares subject thereto up to the date the Stock Appreciation Right is exercised. In the case of a Stock Appreciation Right issued in relation to an

Option, such appreciation will be measured from the Option's exercise price. In the case of a Stock Appreciation Right issued independently of any Option, the appreciation shall be measured from not less than the Market Price of a Share on the date the Stock Appreciation Right is granted.

(c) The Committee shall have the discretion to satisfy a Participant's right to receive the amount of cash as determined in Section 9(b), in whole or in part, by the delivery of Shares valued as of the date of the Participant's election.

(d) In the event a Participant experiences a Separation from Service:

(i) by reason of death or Disability, all outstanding Stock Appreciation Rights then held by the Participant will become immediately exercisable in full and will remain exercisable for a period of twelve (12) months after such Separation from Service (but in no event after the expiration date of any such Stock Appreciation Right);

(ii) by reason of a Qualified Retirement, all outstanding Stock Appreciation Rights then held by the Participant will become immediately exercisable in full and will remain exercisable in full until the expiration date of any such Stock Appreciation Rights; or

(iii) for reasons other than death, Disability or Qualified Retirement, all outstanding Stock Appreciation Rights then held by the Participant will, to the extent exercisable as of the date of Separation from Service, remain exercisable in full for a period of three (3) months after such Separation from Service (but in no event after the expiration date of any such Stock Appreciation Right); and Stock Appreciation Rights not exercisable as of such Separation from Service will terminate and be forfeited.

10. Restricted Stock.

The Board may grant a Periodic Award of Restricted Stock to Participants with the following terms and conditions.

(a) During the Restricted Period (as defined in paragraph (b)), a Participant shall not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the Restricted Stock. Upon grant of the Award of Restricted Stock, however, Participant shall thereupon be a stockholder with respect to all Shares subject to the Award and shall have all the rights of a stockholder with respect to such Shares, including the right to vote such Shares and to receive all dividends and other distributions.

(b) The term "Restricted Period" shall mean any period as set by the Board, not to exceed ten years, ending upon such conditions as the Board may deem appropriate, including, without limitation, achievement of certain goals and/or that the Participant has remained in continuous service as a member of the Board of the Company for a certain period.

(c) To enforce the restrictions referred to in this Section 10, the Board may place a legend on the stock certificates for the Shares referring to such restrictions and may require the Participant, until the restrictions have lapsed, to keep the stock certificates, together with duly endorsed stock powers, in the custody of the Company or its transfer agent, or to maintain evidence of stock ownership, together with duly endorsed stock powers, in a certificateless book-entry stock account with the Company's transfer agent.

(d) In the event a Participant experiences a Separation from Service:

(i) by reason of death, Disability or Qualified Retirement, all Restricted Stock then held by the Participant will become fully vested; or

(ii) for reasons other than death, Disability or Qualified Retirement, all Restricted Stock then held by Participant that has not vested as of such Separation from Service will be terminated and forfeited.

11. Effects of Actions Constituting Cause.

(a) Notwithstanding anything in the DEIP to the contrary, if a Participant is determined by the Board, acting in its sole discretion, to have committed any action which would constitute Cause as defined in Section 2(h), irrespective of whether such action or the Board's determination occurs before or after such Participant ceases to serve as a director of the Company, all rights of the Participant under the DEIP attributable to unexercised Options or Stock Appreciation Rights or unvested Emergence Awards or Periodic Awards of Restricted Stock and any agreements or notices evidencing any Emergence Awards or Periodic Awards then held by the Participant will terminate and be forfeited without notice of any kind.

(b) Benefits attributable to amounts credited to a Participant's Account pursuant to Section 6 which are vested and any earnings credited with respect to such vested amounts will not be forfeited.

12. Change in Control.

(a) A "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company or other fiduciary holding securities under any employee benefit plan of the Company, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes during the 12-month period ending on the date of the most recent acquisition, including pursuant to a tender or exchange offer for shares of Common Stock pursuant to which purchases are made, the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding securities, other than in a transaction arranged or approved by the Continuity Directors prior to its occurrence; provided, however, that if any such person will become the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities, a Change in Control will be deemed to occur whether or not any or all of such beneficial ownership is obtained in a transaction arranged or approved by the Continuity Directors prior to its occurrence, and provided further that the provisions of this clause (i) shall not be applicable to a transaction in which a corporation becomes the owner of all the Company's outstanding securities in a transaction which complies with the provisions of clause (iii) of this Section 12(a) (e.g., a reverse triangular merger); or

(ii) there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary of the Company with any other corporation that (constitutes a "change of control" under Section 409A of the Code other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, and in which no "person" (as defined under clause (i) above) acquires 50% or more of the combined voting power of the securities of the Company or such surviving entity or parent thereof outstanding immediately after such merger or consolidation provided such merger or consolidation); or

(iii) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, more than 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(iv) during any 12-month period, the Continuity Directors cease for any reason to constitute at least a majority of the Board.

(b) Cash Payment. If a Change in Control of the Company occurs, then the Board, without the consent of any Participant affected thereby, may determine to the extent permitted by Section 409A of the Code (for amounts subject to Section 409A) that some or all Participants holding outstanding Options and/or Stock Appreciation Rights granted under the DEIP will receive, with respect to some or all of the Shares subject to such Options or Stock Appreciation Rights, as of the effective date of any Change in Control of the Company, cash in an amount equal to the excess of the Market Price of such Shares immediately prior to the effective date of such Change in Control of the Company over the exercise price per share of such Options or Stock Appreciation Rights.

(c) Acceleration of Vesting. If a Change in Control of the Company occurs, then (i) all Options and Stock Appreciation Rights will become immediately exercisable in full and will remain exercisable in accordance with their terms; (ii) all Restricted Stock will become immediately fully vested and nonforfeitable; and (iii) the Participant's deferral Accounts will become immediately fully vested and non-forfeitable.

(d) Acceleration of Payment. If a Change in Control of the Company occurs, then all deferred amounts credited to a Participant's Cash Account and Share Account will become immediately due and payable to the Participant.

13. Source of Payments; Nature of Interest.

(a) Source of Payments. The Company is responsible for paying, from its general assets, any benefits attributable to a Participant's Account.

(b) Status of DEIP. Nothing contained in the DEIP is to be construed as providing for assets to be held for the benefit of any Participant or any other person or persons to whom benefits are to be paid pursuant to the terms of the DEIP, the Participant's or other person's only interest under the DEIP being the right to receive the benefits set forth herein. Until such time as Shares are distributed to a Participant, Beneficiary of a deceased Participant or other person, he or she has no rights as a shareholder with respect to any Share Units credited to a Share Account pursuant to the DEIP. To the extent that the Participant or any other person acquires a right to receive benefits under the DEIP, such right is no greater than the right of any unsecured general creditor of the Company.

(c) Non-Assignability of Benefits. The benefits payable under the DEIP and the right to receive future benefits under the DEIP may not be anticipated, alienated, sold, transferred, assigned, pledged, encumbered, or subjected to any charge or legal process.

14. Securities Law and Other Restrictions.

Notwithstanding any other provision of the DEIP or any agreements entered into pursuant to the DEIP to the contrary, the Company is not required to issue or distribute any Shares under the DEIP, and a Participant or distributee may not sell, assign, transfer or otherwise dispose of Shares issued or distributed pursuant to the DEIP, unless (a) there is in effect with respect to such Shares a registration statement under the Securities Act and any applicable securities laws of a state or foreign jurisdiction or an exemption from such registration under the Securities Act and applicable state or foreign securities laws, and (b) there has been obtained any other consent, approval or permit from any other regulatory body which the Company, in its sole discretion, deems necessary or advisable. The Company may condition such issuance, distribution, sale or transfer upon the receipt of any representations or agreements from the parties involved, and the placement of any legends on certificates representing Shares, as may be deemed necessary or advisable by the Company in order to comply with such securities law or other restrictions.

15. Amendment or Termination.

(a) Amendment.

(i) The Company reserves the right to amend the DEIP at any time to any extent that it may deem advisable. To be effective, an amendment must be stated in a written instrument approved in advance or ratified by the Board and executed in the name of the Company by its Chief Executive Officer or President and attested by the Secretary or an Assistant Secretary.

(ii) An amendment adopted in accordance with Section 15(a) is binding on all interested parties as of the effective date stated in the amendment; provided, however, that no amendment will have any retroactive effect so as to deprive any Participant, or the Beneficiary of a deceased Participant, of any benefit to which he or she is entitled under the terms of the DEIP in effect immediately prior to the effective date of the amendment, determined as if such Participant had terminated service as a director immediately prior to the effective date of the amendment.

(iii) Without limiting Section 15(a), the Company reserves the right to amend the DEIP to change the method of determining the earnings credited to Participants' Accounts pursuant to Section 6(d) and to apply such new method not only with respect to the portion of the Accounts attributable to credits made after the date on which such amendment is adopted but also with respect to the portion of the Accounts attributable to credits made prior to the date on which such amendment is adopted and regardless of whether such new method would result in materially lower earnings credits than the old method.

(v) The provisions of the DEIP in effect at the termination of a Participant's service as a director will, except as otherwise expressly provided by a subsequent amendment, continue to apply to such Participant.

(b) Termination. The Company reserves the right to terminate the DEIP at any time. The DEIP will terminate as of the date specified by the Company in a written instrument by its authorized officers to the Committee, adopted in the manner of an amendment. Upon the termination of the DEIP, any benefits to which Participants have become entitled prior to the effective date of the termination will continue to be paid in accordance with the provisions of Section 7, subject to acceleration as permitted by Section 7(h) and Section 409A of the Code. No termination, suspension or amendment of the DEIP may adversely affect any outstanding Emergence Award or Periodic Award without the consent of the affected Participant; provided, however, that this sentence will not impair the right of the Board to take whatever action it deems appropriate under Sections 3(c), 8, 9 and 10 of the DEIP. Options and Stock Appreciation Rights outstanding upon termination of the DEIP may continue to be exercised in accordance with their terms.

16. Administration.

(a) Committee. The general administration of the DEIP and the duty to carry out its provisions will be vested in the Committee or such other Board committee as may be subsequently designated as the Committee by the Board. Such Committee may delegate such duty or any portion thereof to a named person and may from time to time revoke such authority and delegate it to another person.

(b) Plan Rules and Regulations. The Committee has the discretionary power and authority to make such Plan Rules as the Committee determines to be consistent with the terms, and advisable in connection with the administration, of the DEIP and to modify or rescind any such Plan Rules. In addition, the Committee has the discretionary power and authority to limit or modify application of DEIP provisions and Plan Rules as the Committee determines to be advisable to facilitate tax deferral treatment (or accommodate the unavailability thereof) for Options granted to, or amounts credited with respect to, non-U.S. resident Participants.

(c) Discretion. The Committee has the sole discretionary power and authority to make all determinations necessary for administration of the DEIP, except those determinations that the DEIP requires others to make, and to construe, interpret, apply and enforce the provisions of the DEIP and Plan Rules whenever necessary to carry out its intent and purpose and to facilitate its administration, including, without limitation, the discretionary power and authority to remedy ambiguities, inconsistencies, omissions and erroneous benefit calculations. In the exercise of its discretionary power and authority, the Committee will treat all similarly situated persons uniformly.

(d) Specialist's Assistance. The Committee may retain such actuarial, accounting, legal, clerical and other services as may reasonably be required in the administration of the DEIP, and may pay reasonable compensation for such services. All costs of administering the DEIP will be paid by the Company.

(e) Indemnification. The Company agrees to indemnify and hold harmless, to the extent permitted by law, each director, officer and employee of the Company and any subsidiary or affiliate of the Company against any and all liabilities, losses, costs and expenses (including legal fees) of every kind and nature that may be imposed on, incurred by, or asserted against such person at any time by reason of such person's services in connection with the DEIP, but only if such person did not act dishonestly or in bad faith or in willful violation of the law or regulations under which such liability, loss, cost or expense arises. The Company has the right, but not the obligation, to select counsel and control the defense and settlement of any action for which a person may be entitled to indemnification under this provision.

17. Miscellaneous.

(a) Other Benefits. Neither amounts deferred nor amounts paid pursuant to the DEIP constitute salary or compensation for the purpose of computing benefits under any other benefit DEIP, practice, policy or procedure of the Company unless otherwise expressly provided thereunder.

(b) No Warranties Regarding Treatment. The Company makes no warranties regarding the tax treatment to any person of any deferrals or payments made pursuant to the DEIP, and each Participant will hold the Committee and the Company and their officers, directors, employees, agents and advisors harmless from any liability resulting from any tax position taken in good faith in connection with the DEIP.

(c) No Rights to Continued Service Created. Neither the establishment of or participation in the DEIP gives any individual the right to continued service on the Board or limits the right of the Company or its stockholders to terminate or modify the terms and conditions of service of such individual on the Board or otherwise deal with any individual without regard to the effect that such action might have on him or her with respect to the DEIP.

(d) Successors. Except as otherwise expressly provided in the DEIP, all obligations of the Company under the DEIP are binding on any successor to the Company whether the successor is the result of a direct or indirect purchase, merger, consolidation or otherwise of all of the business and/or assets of the Company.

(e) Governing Law. Questions pertaining to the construction, validity, effect and enforcement of the DEIP will be determined in accordance with the internal, substantive laws of the State of Delaware without regard to the conflict of laws rules of the State of Delaware or any other jurisdiction.

(f) Headings. The headings of sections are included solely for convenience of reference; if there exists any conflict between such headings and the text of the DEIP, the text will control.