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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____to_____

Commission File No. 1-6033

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

Delaware	**36-2675207**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
Location: 1200 East Algonquin Road, Elk Grove Township, Illinois	**60007**
Mailing Address: P. O. Box 66919, Chicago, Illinois	**60666**
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, $.01 par value	New York, Chicago and Pacific Stock Exchanges
Depositary Shares each representing 1/1,000 of a share of Series B Preferred Stock, without par value	New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes X No ___

The aggregate market value of voting stock held by non-affiliates of the Registrant was $714,424,428 as of June 28, 2002. The number of shares of common stock outstanding as of February 28, 2003 was 95,528,119.

UAL Corporation and Subsidiary Companies Report on Form 10-K
For the Year Ended December 31, 2002

PART I

ITEM 1. BUSINESS.

UAL Corporation ("UAL" or the "Company") was incorporated under the laws of the State of Delaware on December 30, 1968. The world headquarters of the Company is located at 1200 East Algonquin Road, Elk Grove Township, Illinois 60007. The Company's mailing address is P.O. Box 66919, Chicago, Illinois 60666. The telephone number for the Company is (847) 700-4000.

UAL is a holding company and its principal, wholly owned subsidiary is United Air Lines, Inc., a Delaware corporation ("United"). United's operations, which consist primarily of the transportation of persons, property and mail throughout the U.S. and abroad, accounted for most of the Company's revenues and expenses in 2002. United is the second largest scheduled passenger airline in the world and for the full year 2002 was the industry leader in domestic on-time performance, according to U.S. Department of Transportation data.

The Company's web address is www.united.com. Through the Company's web site, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are made available (free of charge) as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

This Form 10-K contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements represent the Company's expectations and beliefs concerning future events, based on information available to the Company on the date of the filing of this Form 10-K, and are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from those referenced in the forward-looking statements are listed in the last paragraph of the section, "Outlook for 2003" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company disclaims any intent or obligation to update or revise any of the forward-looking statements, whether in response to new information, unforeseen events, changed circumstances or otherwise.

Bankruptcy Considerations

On December 9, 2002 (the "Petition Date"), UAL, United and 26 other direct and indirect wholly owned subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, in Chicago (the "Bankruptcy Court") under case numbers 02-

B-48191 through 02-B-48218 (the "Chapter 11 Cases"). Specific information pertaining to the bankruptcy filing may be obtained from the website www.pd-ual.com.

The Debtors are currently operating their business as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and applicable court orders. In general, as debtors-in-possession, the Debtors are authorized under Chapter 11 to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.

Changes in consumer behavior, particularly the reduction in business travel and the changes in business travel patterns, have led to a significant decline in revenues, yield and revenue passenger miles for United, which in turn have severely impacted the Company's financial condition and United's ability to meet some of its maturing debt obligations. The Company filed for bankruptcy because the Chapter 11 process offered the best available means to facilitate the implementation of necessary changes to the Debtors' business to bring costs and operations in line with the current business environment. In addition, the protections of the Chapter 11 process offered the Debtors access to capital through debtor-in-possession financing that otherwise would not have been available.

On the Petition Date, the Bankruptcy Court gave interim approval for an aggregate of up to $1.5 billion in debtor-in-possession secured financing (the "DIP Financing"). The DIP Financing is structured as a $300 million facility from Bank One, NA (the "Bank One Facility") and a $1.2 billion facility provided by a group led by JPMorgan Chase Bank, Citicorp USA, Inc., Bank One, NA and The CIT Group/Business Credit, Inc. (the "Club Facility"). The Company has received commitments of $1.0 billion under the Club Facility following the completion of the syndication process for that facility; the balance is conditioned upon the participation of one or more additional lenders, subject to approval by the existing participants. The Company currently has access to the entire Bank One Facility and to $500 million of the Club Facility. Access to the balance of the Club Facility is subject to specified terms of that facility. These terms require that the Company achieve performance milestones under its business plan, which include substantial cost savings in the near term. Final approval of the DIP Financing was granted by the Bankruptcy Court on December 30, 2002.

United's DIP Financing requires compliance with a number of financial covenants, including the achievement of specified earnings thresholds. The adverse economic impact of external events, such as those described below in "Fuel," "Conflict with Iraq" and "Employees - Labor Matters," if not offset by the achievement of savings elsewhere, could lead to the breach of one or more of those covenants and, absent a waiver from the DIP lenders, their foreclosure on substantial assets United needs to operate its business. For more information on the DIP Financing, see Note 1, "Proceedings Under Chapter 11 of the Bankruptcy Code" in the Notes to Consolidated Financial Statements.

In order to exit Chapter 11 successfully, the Company will need to propose, and obtain confirmation by the Bankruptcy Court of, a plan of reorganization that satisfies the requirements of the Bankruptcy Code. A plan of reorganization would resolve, among other things, the Debtors' pre-petition obligations, set forth the revised capital structure of the newly reorganized entity and provide for its corporate governance subsequent to exit from bankruptcy. On March 21, 2003, the Bankruptcy Court approved the extension to October 2003 of the Company's "exclusivity period," during which it is the only party permitted to file a plan of reorganization. Under certain circumstances, the exclusivity period could be shortened by two months. The timing of filing a plan of reorganization by the Company will depend on the timing and outcome of numerous other ongoing matters in the Chapter 11 Cases. Although the Company expects to file a plan of reorganization that provides for its emergence from bankruptcy as a going concern, there can be no assurance at this time that a plan of reorganization will be confirmed by the Bankruptcy Court or that any such plan will be implemented successfully.

Under Section 362 of the Bankruptcy Code, the filing of a bankruptcy petition automatically stays most actions against a debtor, including most actions to collect pre-petition indebtedness or to exercise control over the property of the debtor's estate. Absent an order of the Bankruptcy Court, substantially all pre-petition liabilities are subject to settlement under the plan of reorganization.

Notwithstanding the preceding general discussion of the automatic stay, the Debtors' rights to possess and operate certain qualifying aircraft, aircraft engines and other aircraft-related equipment that are leased or subject to a security interest or conditional sale contract are governed by a particular provision of the Bankruptcy Code that specifies different treatment. Section 1110 of the Bankruptcy Code ("Section 1110") provides that unless the Debtors take certain action, within 60 days after the Petition Date or such later date as is agreed by the applicable lessor, secured party, or conditional vendor, the contractual rights of such financier to take possession of such equipment and to enforce any of its other rights or remedies under the applicable agreement are not limited or otherwise affected by the automatic stay or any other provision of the Bankruptcy Code. For more information on Section 1110, see "Properties - - Flight Equipment" under Item 2 below and Note 1, "Proceedings Under Chapter 11 of the Bankruptcy Code" in the Notes to Consolidated Financial Statements.

Under Section 365 of the Bankruptcy Code, the Debtors may assume, assume and assign, or reject certain executory contracts and unexpired leases, including leases of real property, aircraft and aircraft engines, subject to the approval of the Bankruptcy Court and certain other conditions. In general, rejection of an unexpired lease or executory contract is treated as a pre-petition breach of the lease or contract in question. Subject to certain exceptions, this rejection relieves the Debtors of performing their future obligations under that lease or contract but entitles the lessor or contract counterparty to a pre-petition general unsecured claim for damages caused by the deemed breach.

Counterparties to these rejected contracts or leases may file proofs of claim against the Debtors' estate for such damages. Due to the uncertain nature of many of the potential rejection and abandonment related claims, the Company is unable to project the magnitude of these claims with any degree of certainty at this time.

Generally, the assumption of an executory contract or unexpired lease requires a debtor to cure most existing defaults under such executory contract or unexpired lease.

The Bankruptcy Code provides special treatment for collective bargaining agreements ("CBAs"). In particular, Section 1113(c) of the Bankruptcy Code permits the Company to move to reject its collective bargaining agreements if the Company first satisfies a number of statutorily prescribed substantive and procedural prerequisites and obtains the Bankruptcy Court's approval of the rejection. After bargaining in good faith and sharing relevant information with its unions, the debtor must make proposals to modify its existing CBAs based on the most complete and reliable information available at the time. The proposed modifications must be necessary to permit the reorganization of the debtor and must ensure that all the affected parties are treated fairly and equitably relative to the creditors and the debtor. Ultimately, rejection is appropriate if the unions refuse to agree to the debtors necessary proposals "without good cause" and the balance of the equities favors rejection. See "Employees - - Labor Matters" below under this Item 1 and "Labor Matters" under Management's Discussion and Analysis of Financial Condition and Results of Operation.

The United States Trustee for the Northern District of Illinois (the "U.S. Trustee") has appointed an official committee of unsecured creditors (the "Creditors' Committee"). The Creditors' Committee and its legal representatives have a right to be heard on all matters that come before the Bankruptcy Court. There can be no assurance that the Creditors' Committee will support the Debtors' positions or the Debtors' ultimate plan of reorganization, once proposed, and disagreements between the Debtors and the Creditors' Committee could protract the Chapter 11 Cases, could negatively impact the Debtors' ability to operate during the Chapter 11 Cases and could prevent the Debtors' emergence from Chapter 11.

At this time, it is not possible to predict accurately the effect of the Chapter 11 reorganization process on the Company's business or when it may emerge from Chapter 11. The Company's future results depend on the timely and successful confirmation and implementation of a plan of reorganization. The rights and claims of various creditors and security holders will be determined by the plan as well. No assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to each of these constituencies, and it is possible that UAL's equity or other securities will be restructured in a manner that will reduce substantially or eliminate any remaining value. Accordingly, the Company urges that appropriate caution be exercised with respect to existing and future investments in any of such securities and claims.

On February 24, 2003, the Bankruptcy Court entered a preliminary injunction in order to restrict the trading of the Company's common stock and debt interests in the Company. The purpose of the preliminary injunction was to ensure that the Company did not lose the benefit of its net operating loss ("NOL"). Under federal and state income tax law, an NOL can be used to offset future taxable income, and thus is an extremely valuable asset. However, a company can lose the benefit of its NOLs if the company is deemed to undergo an "ownership change" under certain very specific tax rules in the Internal Revenue Code. Excessive trading in a company's stock (or debt when the company is in bankruptcy) can trigger such an "ownership change," and thus the Company sought to restrict the trading of the Company's common stock and debt interests.

Under the terms of the preliminary injunction, no person can buy or sell UAL stock if that person holds more than 4.8 million shares of UAL common stock or would hold more than 4.8 million shares after the purchase. Any person who holds more than $200 million in debt claims against UAL must register as a "substantial claimholder" with UAL, and no person may acquire debt claims against UAL if the acquisition of the claims would cause them to hold more than $200 million in such claims. See Note 7, "Income Taxes" in the Notes to Consolidated Financial Statements.

Plan for Transformation

Central to UAL's reorganization and emergence from Chapter 11 is its plan for transformation, which outlines the fundamental changes to United's strategic direction. The plan, which the Company seeks to refine through further collaboration with its employee and creditor constituencies, is intended to lay the foundation for a company that is successful and competitive for the long run. Core objectives of the plan are the reduction of United's labor and non-labor costs and the development of a more comprehensive and compelling portfolio of products. Key operational elements of the plan include: (1) the preservation and enhancement of United's extensive mainline service targeted primarily at the business traveler; (2) the creation of a low-cost offering to compete directly with low-cost carriers for leisure and price-sensitive travelers; (3) the growth of the Company's United Express regional operations and (4) the expansion of United's domestic and international alliances. See *Other Information,* "Plan for Transformation" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Operations

Segments.

UAL operates its businesses through five reporting segments: North America, the Pacific, the Atlantic and Latin America, each of which is operated by United, and UAL Loyalty Services, Inc. ("ULS"). Financial information on UAL's operating segments can be found in Note 23, "Segment Information" in the Notes to Consolidated Financial Statements.

During 2002, United carried approximately 69 million passengers and flew approximately 109 billion revenue passenger miles. United's network provides comprehensive transportation service within its North American segment and to international destinations within its Pacific, Atlantic and Latin America segments.

Operating revenues attributed to United's North America segment were $8.8 billion in 2002, $10.7 billion in 2001 and $13.1 billion in 2000. Operating revenues attributed to United's international segments were $4.7 billion in 2002, $5.4 billion in 2001 and $6.2 billion in 2000.

North America. As of March 24, 2003, United serves approximately 83 destinations throughout North America and operates hubs in Chicago, Denver, Los Angeles, San Francisco and Washington, D.C. United's North America operations accounted for 61.9% of UAL's revenues in 2002.

Pacific. Via its Tokyo hub, United provides passenger service between its U.S. gateway cities (Chicago, Honolulu, Los Angeles, New York, San Francisco and Seattle) and the Asian cities of Bangkok, Beijing, Hong Kong, Seoul, Singapore and Taipei. United also provides nonstop service between Hong Kong and each of Chicago and San Francisco; between San Francisco and each of Osaka, Shanghai, Sydney and Melbourne (via Sydney); between Los Angeles and Sydney and Melbourne (via Sydney); and between Chicago and Beijing. In 2002, United's Pacific operations accounted for 16.9% of UAL's operating revenues.

Atlantic. Washington, D.C. is United's primary gateway to Europe, serving Amsterdam, Brussels, Frankfurt, London, Munich and Paris. Chicago is United's secondary gateway to Europe, with nonstop service to Frankfurt, London and Paris. United also provides nonstop service between San Francisco and each of London and Frankfurt; and between London and each of Los Angeles, Newark and New York. In 2002, United's Atlantic operations accounted for 12.9% of UAL's operating revenues.

Latin America. United's primary gateway to Latin America is Washington, D.C., providing service from Washington, D.C. to Aruba, Buenos Aires, Rio de Janeiro (one-stop), Sao Paolo, San Juan and St. Thomas. United also provides service from Mexico City to each of Chicago, Los Angeles, San Francisco, Washington, D.C., and San Jose (Costa Rica). In addition, United has service from Chicago to Aruba, Montevideo (one-stop), San Juan, Sao Paulo and St. Thomas; between Miami and Buenos Aires and Sao Paulo; between Los Angeles and Guatemala City, San Jose (one-stop) and San Salvador; between New York and San Juan; and between Guatemala City and San Jose. In 2002, United's Latin America operations accounted for 3.4% of UAL's revenues.

UAL Loyalty Services, Inc. UAL Loyalty Services, Inc. ("ULS") is the fifth reporting segment of UAL's operations and accounted for 4.9% of UAL's 2002 revenues. ULS focuses on expanding the non-core marketing businesses of UAL and building customer loyalty for United and others. ULS operates in four areas: loyalty programs, travel distribution, direct-to-consumer services and media assets.

ULS operates substantially all United-branded travel distribution and customer loyalty e-commerce activities, such as united.com, and also owns and manages UAL's interests in various third-party e-commerce enterprises, such as Orbitz and Hotwire. In addition, as of the first quarter of 2002, ULS owns and operates the Mileage Plus frequent flyer programs and is responsible for certain aspects of it, including member relationships, communications and account management, while United continues to be responsible for the elite frequent flyer aspects of the program, including the Premier, Premier Executive and Premier Executive 1K programs, as well as the air travel accrual and award aspects of the program. United also retains responsibility for managing the relationship with Mileage Plus' airline partners, while ULS manages relationships with non-airline business partners, such as the Mileage Plus Visa Card, hotels, car rental companies and dining programs. ULS also owns and operates certain other United-branded customer programs as well as the MyPoints.com online loyalty program, under which registered consumers earn points for goods and services purchased from participating vendors.

United Cargo®. United Cargo offers both domestic and international shipping through its Small Package Delivery; T.D. Guaranteed; First Freight; International Freight; UA 2-Day service; and United SameDay. Freight accounts for most of United Cargo's shipments, while mail remains an important component of United's cargo strategy.

For the year 2002, United Cargo generated approximately $673 million in freight and mail revenue, which represents a 4.4% decrease versus 2001. Traffic has gradually improved, but volumes remain below pre-September 11, 2001 levels.

In August 2002, United Cargo opened a new cargo warehouse facility in Chicago, which is presently the largest facility for processing freight and mail in North America. This completes United Cargo's planned investment in facilities.

In January of 2003, United Cargo, along with Unisys Corporation and two other cargo carriers, launched Cargo Portal Services, an internet portal that allows freight forwarders to book and manage shipments more easily through the delivery cycle. By providing enhanced computer-based communications between customers and air carriers, United expects Cargo Portal Services to reduce transaction costs for both United and its customers.

Fuel. Fuel is United's second largest cost behind labor. The Company's fuel costs and consumption for the years 2002, 2001 and 2000 were as follows:

	2002	2001	2000
Gallons consumed (in millions)	2,458	2,861	3,101
Average price per gallon, including tax	78.2¢	86.5¢	81.0¢
Cost (in millions)	$1,921	$2,476	$2,511

The price and availability of jet fuel significantly affect United's operations. Based on projected 2003 fuel consumption, the Company estimates that every $0.01 change in the average annual price-per-gallon of jet fuel will impact United's 2003 fuel costs by approximately $21 million, absent any fuel hedging arrangements. Due to the highly competitive nature of the airline industry, United may be unable to pass on to its customers any increased fuel costs that it may encounter.

To help mitigate against price increases, United in the past has entered into hedging arrangements. In 2002, United hedged 26% of its fuel consumption using crude oil and heating oil swaps. United had also put in place hedges for 7% of its estimated fuel consumption for the first half of 2003 (the impact of these hedges is included in the total fuel cost shown above). However, as a result of the filing of the Chapter 11 Cases, the derivatives counterparties terminated all outstanding swap contracts, leaving United completely unhedged. As market conditions and its economic outlook change, the Company continually evaluates the potential economic benefit of entering into fuel hedging arrangements.

To ensure adequate supplies of fuel and to provide a measure of control over fuel costs, United ships fuel on major pipelines and stores fuel close to its major hub locations. Although the Company currently does not anticipate a significant reduction in the availability of jet fuel, a number of factors make accurate predictions impossible, including geopolitical uncertainties in oil-producing nations. For example, hostilities in Iraq could lead to disruptions in oil production and/or to substantially increased oil prices. The continuing political turmoil in Venezuela also could have similar effects.

Insurance. United carries hull and liability insurance of a type customary in the air transportation industry, in amounts which it deems adequate, covering passenger liability, public liability and damage to United's aircraft and other physical property. However, as a result of the September 11, 2001 terrorist attacks, the premiums have increased significantly.

Additionally, after September 11, 2001 commercial insurers cancelled United's liability insurance for losses resulting from war perils (terrorism, sabotage, hijacking and other similar perils), but United obtained replacement coverage through the FAA. Under the Homeland Security Act, which became effective in February 2003, the FAA is authorized to offer this insurance through August 31, 2003, and it may be extended to December 31, 2003, if the federal government determines such an extension is in the national interest. Likewise, United maintains hull war risk insurance through the FAA program, which provides worldwide coverage for war and associated perils (including hijacking and confiscation). There can be no assurance, however, that the FAA insurance will continue to be available. Should the FAA discontinue this coverage, obtaining it from commercial underwriters could result in substantially higher premiums and more restrictive terms, if it is available at all.

Also, United maintains other types of insurance such as property and casualty, directors and officers, cargo, automobile and the like, with limits and deductibles that are standard within the industry. Compared to insurance prior to September 11, the premiums are substantially higher with lower limits.

Civil Reserve Air Fleet Program. In time of war or certain other national emergencies, the U.S. government can require United and other major air carriers to provide airlift services to the U.S. Military under the Civil Reserve Air Fleet Program ("CRAF"). On February 8, 2003, the U.S. government activated CRAF (for only the second time since the program was established in 1951) because the U.S. military's airlift needs exceeded the military's capabilities in connection with the buildup of troops in the Middle East. As a result, United, along with other U.S. commercial airlines, is currently participating in the transportation of troops and cargo to the Middle East. While United's participation in the CRAF program to date has had a positive impact on United's profitability, should United be required to provide a more substantial amount of these services for an extended period, its business could be adversely impacted.

Conflict With Iraq

In anticipation of the U.S. conflict with Iraq, United conducted extensive contingency preparations and developed a plan to address the likely effects on the airline industry as a whole and on United in particular. With the initiation of the military campaign on March 19, 2003, United implemented that plan, which included an immediate reduction in capacity of 8% effective April 6, 2003 and placing a number of employees on temporary unpaid leave.

In addition, United has been working with other carriers, major labor unions, and the Air Transport Association, a trade association of major U.S. airlines, to develop and propose a comprehensive government assistance package for the carriers. Potential components could include relief from certain taxes, the payment by the federal government of all costs for airport security, opening up the Strategic Oil Reserve and government-provided terrorism insurance for the airlines. At this time it is impossible to assess the prospects of such legislation and there can be no assurance that Congress or the President will approve this or any other relief for the industry.

Further, if other relief is insufficient or is unavailable on a timely basis, the Company may seek to implement additional, temporary wage reductions for all employees.

Marketing Strategy

United seeks to attract customers and create customer preference for United by providing a comprehensive network, an attractive frequent flyer program and enhanced and differentiated product and service offerings.

Alliances. United has entered into a number of bilateral and multilateral alliances with other airlines to provide its customers more choices and to participate in markets worldwide that it does not serve directly. These collaborative marketing arrangements typically include one or more of the following features: joint frequent flyer participation; code sharing of flight operations (whereby one carrier's flights can be marketed under the two-letter airline designator code of another carrier); coordination of reservations, baggage handling and flight schedules; and other resource-sharing activities.

The most significant of these is the Star AllianceÔ, a global integrated airline network co-founded by United in 1997. As of December 31, 2002, Star Alliance carriers served approximately 727 destinations in approximately 125 countries with approximately 10,622 daily flights. Current Star Alliance partners, in addition to United, are Air Canada, Air New Zealand, All Nippon Airways, Asiana, Austrian Airlines, bmi, Lauda Air, Lufthansa, Mexicana, SAS, Singapore Airways, Thai International Airways, Tyrolean and Varig. Two additional carriers are expected to join in 2003: Spanair as of April 1 and LOT Polish Airlines as of October 26. United currently holds bilateral antitrust immunity with Air Canada and integrated antitrust immunity with Lufthansa, SAS and the Austrian Airlines Group (which includes Austrian Airlines, Lauda Air and Tyrolean). United has limited antitrust immunity with bmi subject to completion of an "Open Skies" Agreement between the U.S. and U.K. For more information on Open Skies and international rights, see "Government Regulation" in this Item 1.

In July 2002, United announced the development of a marketing partnership with US Airways to include joint frequent flyer participation, joint lounge access and code sharing on certain flights. Currently, United and US Airways have substantially implemented the first two of those arrangements. The carriers currently code share on selected flights and expect to complete the implementation of the code sharing element of the partnership by the end of 2003, subject to certain conditions imposed by the U.S. government. On August 11, 2002, US Airways and certain subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. That case is still pending before the Bankruptcy Court. Although US Airways has filed a plan of reorganization that has been approved by its creditors and confirmed by the Bankruptcy Court and that provides for its emergence from bankruptcy as a going concern, there can be no assurance that such plan will be implemented successfully. If US Airways is unable to emerge as a going concern or if it emerges as a significantly smaller or different company, the anticipated benefits to United of the marketing partnership may never materialize and United's business may suffer.

United has also formed independent marketing agreements with other air carriers, including Aloha, BWIA West Indies Airways, Continental Connection (operated by Gulfstream), Great Lakes Airlines (a regional carrier) and Spanair. United continually evaluates the need for relationships with these and other carriers and from time to time will change its independent marketing partners as conditions warrant.

In addition, United operates the United Express® marketing program in North America, under which independent regional carriers serve small and medium-sized cities and link them to United's mainline network. United Express carriers are Air Wisconsin Airlines, Atlantic Coast Airlines and Sky West Airlines. On February 27, 2003, United announced that it had entered into an agreement with Mesa Air Group, Inc., pursuant to which Mesa Air will become a United Express carrier on western routes. As part of the Chapter 11 process, the Company is reevaluating each of the contracts with the three existing United Express carriers and may renegotiate or reject any of these agreements in connection with its reorganization.

Mileage Plus. The Mileage Plus frequent flyer program was established to develop passenger loyalty by offering awards and services to frequent travelers. More than 40 million members have enrolled in Mileage Plus since it began in 1981. Mileage Plus members earn mileage credit for flights on United, United Express, the Star Alliance carriers and certain other airlines that participate in the program. Miles also can be earned by purchasing the goods and services of non-airline program participants, such as hotels, car rental companies, and credit card issuers. Mileage credits can be redeemed for free, discounted or upgraded travel and non-travel awards. For a detailed description of the treatment of Mileage Plus awards, see "Critical Accounting Policies" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Distribution Channels. The overwhelming majority of United's airline inventory continues to be distributed through the traditional channels of travel agencies and global distribution systems ("GDS"). The U.S. Department of Transportation ("DOT") has issued a Notice of Proposed Rulemaking that could significantly change the rules under which carriers deal with the GDS. These new rules are expected to be finalized in January 2004.

United uses the Apollo reservation system, which is hosted by Galileo International. The hosting agreement with Galileo continues through 2004.

Industry Conditions

Operating Environment. The air travel business is subject to seasonal fluctuations. United's operations can be adversely impacted by winter weather and United's first- and fourth-quarter results normally reflect reduced travel demand. Historically, operating results are better in the second and third quarters. The events of September 11, 2001, and the recession in the U.S. economy distorted the normal seasonal relationships in 2001 and 2002. As a result of the U.S. war with Iraq, the typical seasonal fluctuations may continue to be disrupted in 2003.

Competition. The airline industry is highly competitive. In domestic markets, new and existing carriers are free to initiate service on any route. United's domestic competitors include all of the other major U.S. airlines as well as regional carriers, most of which have lower cost structures than United. Recently, three of United's largest competitors, Delta Airlines, Continental Airlines and Northwest Airlines, have given notice of their intention to implement a comprehensive code sharing arrangement, subject to certain regulatory approval. The successful introduction of this arrangement, or of other comparable arrangements by other carriers, likely will further intensify domestic competition.

In its international service, United competes not only with U.S. airlines, but also with foreign carriers. United's competition on specified international routes is subject to varying degrees of governmental regulations (see "Government Regulation"). United has advantages over foreign air carriers in the U.S. because of its ability to generate U.S. origin-destination traffic from its integrated domestic route systems, and because foreign carriers are prohibited by U.S. law from carrying local passengers between two points in the U.S. United experiences comparable restrictions in foreign countries. In addition, U.S. carriers are often constrained from carrying passengers to points beyond designated international gateway cities due to limitations in air service agreements or restrictions imposed unilaterally by foreign governments. To compensate for these structural limitations, U.S. and foreign carriers have entered into alliances and marketing arrangements that allow the carriers to provide traffic feed to each other's flights. See "Marketing Strategy - Alliances."

Government Regulation

Domestic Regulation. All carriers engaged in air transportation in the U.S. are subject to regulation by the DOT. Among its responsibilities, the DOT has authority to issue certificates of public convenience and necessity for domestic air transportation, grant international route authorities, approve international code share agreements, regulate methods of competition and enforce certain consumer protection regulations, such as those dealing with advertising, denied boarding compensation and baggage liability.

Airlines are also regulated by the FAA, primarily in the areas of flight operations, maintenance and other safety and technical matters. The FAA has authority to issue air carrier operating certificates and aircraft airworthiness certificates, prescribe maintenance procedures, and regulate pilot and other employee training, among other responsibilities. The FAA also administers the U.S. air-traffic control system. From time to time, the FAA issues rules that require air carriers to take certain actions, such as the inspection or modification of aircraft and other equipment, that may cause United to incur substantial, unplanned expenses.

From time to time, the Company is subject to inquiries by these and other U.S. and international regulatory bodies. The Company does not believe that any such existing inquiries will have a material effect on its business.

Access to landing and take-off rights, or "slots," at four U.S. airports historically has been subject to government regulation. At these airports, O'Hare International in Chicago, John F. Kennedy International and LaGuardia in New York, and Reagan National in Washington, D.C., the FAA has regulated the number of available slots. The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, enacted in April of 2000, eliminated all slot restrictions at O'Hare in July of 2002 and called for the elimination of slot restrictions at Kennedy and LaGuardia by 2007. The eliminations to date have not had, and the planned eliminations are not expected to have, a material effect on the Company.

International Regulation. Internationally, the Company is subject to the aviation authorities of the foreign countries that United serves. These authorities may from time to time impose regulations beyond those that apply to United's domestic operations.

Historically, access to foreign markets has been tightly controlled through bilateral treaties regulating the number of points served, the number of carriers and the frequencies of flights. More recently, the U.S. has pursued a policy of "Open Skies," under which the U.S. government has negotiated a number of bilateral agreements allowing unrestricted access to foreign markets. While a considerable number of foreign governments have agreed to Open Skies, several major markets remain subject to restrictive bilateral agreements. Among them are London and Tokyo, where United has significant operations. Further, United's ability to serve some countries and its expansion into certain others is limited by the absence altogether of aviation agreements between the U.S. and the relevant governments. Shifts in U.S. or foreign government aviation policies can lead to the alteration or termination of air service agreements between the U.S. and other countries. These changes could diminish the value of United's international route authority because changes in these agreements could curtail or terminate United's international rights in the associated markets.

During 2002, United sought to expand its access to and presence in Asia. In response to United's application for additional frequencies under newly negotiated rights in the U.S.-Hong Kong bilateral agreement, the DOT awarded United rights that will allow United to operate a second daily Hong Kong-Tokyo flight. United also was awarded an additional code share frequency to serve Vietnam, which brings the carrier's current pool of Vietnam code share frequencies to eight. Although Vietnam holds significant commercial potential, the absence of an air service treaty between the United States and Vietnam prohibits U.S. carriers from serving this market directly.

The air services agreement between the U.S. and Japan provides an unlimited number of frequencies to certain carriers, including United. United also holds significant traffic rights from Japan to other locations within the Pacific. These rights and the 2002 opening of Tokyo's Narita airport's second runway provided United with the opportunity to add service in 2002 between Tokyo and Taipei.

In connection with its international services, United is required to make regular filings with the DOT and, in some cases, to observe rules establishing the tariffs charged and service provided. In some cases, fares and schedules also require the approval of the relevant foreign governments.

The European Union (the "EU") is taking an increasingly active role in regulating international aviation. In October of 2002, the European Commission granted antitrust immunity, subject to certain conditions, to United, Lufthansa and SAS.

In November 2002, the European Court of Justice issued a ruling that invalidated certain provisions of aviation agreements between the U.S. and the EU. The governments are committed to ensuring that this ruling does not interrupt existing air service. This decision paves the way for the EU to negotiate aviation treaties on behalf of EU Member States with other non-EU countries.

The European Commission continues its attempts to modify the existing regulation that governs slots at EU airports. The most recent proposal, if accepted, would have the effect of favoring EU airlines and would dramatically alter the manner in which EU slots are held and allocated. The proposed changes threaten to redefine the issue of slot ownership and impede the selling and trading of slots.

Starting in late 2001 and continuing through March 24, 2002, airport authorities and other regulatory bodies granted United and other international slot holders short-term waivers from an international rule that ordinarily requires a carrier to forfeit any slot that it uses less than 80% of the time in any season. Separately, the DOT waived through March 31, 2002 its requirement that U.S. carriers in limited-entry international markets return to the DOT frequencies in those markets that they do not use more than 90 days. In light of the current conflict with Iraq, United and other carriers are seeking comparable waivers of the slot and frequency-of-use requirements from domestic and international regulatory bodies and airport authorities.

Legislation. The Air Transportation Safety and System Stabilization Act of 2001 (the "Stabilization Act") established the federal Air Transportation Stabilization Board ("ATSB") and made $5 billion in federal grants and $10 billion in loan guarantees conditionally available to the airline industry. The legislation also provides relief from increased insurance premiums, caps potential liability from the September 11 terrorist attacks, limits liability for any future terrorist events and creates a federal compensation fund for attack victims. In 2001 and 2002, United received $782 million in grants. On June 24, 2002, UAL submitted an application to the ATSB for a loan guarantee in connection with a contemplated financing. After discussions with the ATSB and subsequent revision to the application, on December 4, 2002, the ATSB informed the Company that it had not approved the application. Notwithstanding the

denial of the Company's application for a pre-petition loan guaranty, UAL has been continuing to work with the ATSB toward the possible funding of a loan that would provide financing to the Company upon its exit from bankruptcy.

Separate legislation enacted in November 2001, the Aviation and Transportation Security Act (the "Aviation Act"), has had wide-ranging effects on United's operations. The Aviation Act makes the federal government responsible for virtually all aspects of security that United has traditionally provided. The Aviation Act created a new government agency, the TSA, responsible for aviation security. Notably, the Aviation Act required that the security screener workforce be composed entirely of federal employees by November 2002. Regulations under the Aviation Act also require carriers to charge passengers in the U.S. a security fee of $2.50 per enplanement, capped at $10.00 per round trip and to remit that fee to the DOT. The DOT, as provided in the Aviation Act, also has assessed an additional fee, equal to the amount paid by carriers for security screening in the year 2000, directly on air carriers to compensate for the costs of screening activities and property. The Aviation Act mandates numerous additional security measures, including that, as of December 31, 2002, all checked baggage be screened by explosive detection systems.

Privacy Laws. An initiative of significant impact within the EU and elsewhere is the introduction of privacy standards that apply to companies transmitting private information from the EU to non-EU countries. To comply with the privacy directives, the U.S. Commerce Department and the EU have agreed to safe harbor principles. Although the safe harbor principles are voluntary at this time, United plans to comply with them. The U.S. Commerce Department and the EU continue to review the status of voluntary compliance.

Canada, Argentina and Australia have enacted new privacy laws covering the collection and disclosure of personally identifiable information. These laws may have an impact on the way United collects and transmits personally identifiable information in these jurisdictions.

Environmental Regulations. The Company, like others in the airline industry, is subject to federal, state, local, and foreign environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters, safe drinking water, and the management of hazardous substances, oils, and waste materials. The Company and the industry are also subject to other environmental laws and regulations, including those that require the Company to remediate soil or groundwater to meet certain objectives. It is the Company's policy to comply with all environmental laws and regulations, which can require expenditures. The Company also conducts voluntary remediation actions. These costs are not expected to have a material adverse effect on the business.

Under the federal Comprehensive Environmental Response, Compensation and Liability Act (commonly known as "Superfund") and similar environmental clean-up laws, waste generators can be subject to liability for investigation and remediation costs at disposal sites that have been identified as requiring response actions. The Company has been identified as a potentially responsible party (by a governmental unit or private party) at certain sites that could result in future expenditures, including the Mattiace Petrochemical Superfund Site, the Approved Oil Superfund Site, the Chemsol Inc. Superfund Site, and the Gibson Environmental Inc. Superfund Site.

There is a dispute primarily among United, American, and Ogden Services (as well as Northwest Airlines and Delta) concerning the responsibility for payment of certain clean up costs for groundwater and soil contamination near terminals 8 and 9 at New York's JFK Airport. The parties' views on proper allocation of the costs differ. This litigation, which was initiated in 2000 in the Supreme Court of the State of New York, is currently stayed because of the bankruptcy.

The Miami International Airport has been conducting a long-term project to investigate and remediate soil and groundwater contamination at the airport. Recently, the Miami International Airport has identified a multitude of current and former tenants it believes should help pay for these remedial measures, and United is one of these tenants. While the airport initiated a lawsuit in 2001 against a handful of potentially responsible parties, United is not one of the parties named in the lawsuit.

In accordance with a June 1999 order issued by the California Regional Water Quality Control Board ("CRWQCB"), United, along with most of the other tenants of the San Francisco International Airport, has been investigating potential environmental contamination at the airport and conducting remediation when needed. Among these projects is an investigation and remediation project for solvent impacts to soil and groundwater at the San Francisco Maintenance Center. This project is being conducted in accordance with CRWQCB approvals.

In August 2002, the Company entered into a settlement with the U.S. EPA to address voluntarily disclosed Clean Air Act violations associated with the requirement that low-sulfur diesel fuel be used in certain ground support equipment. This settlement involves a penalty payment and performance of a Supplemental Environmental Project (involving the replacement of some older ground support equipment with new electric-powered equipment).

The U.S. EPA and the State of California are seeking penalties, and potentially injunctive relief, from the Company for alleged non-compliance with hazardous waste generator requirements at United's San Francisco Maintenance Center identified in 1999 and 2001. The Company has been working with both governmental entities to resolve this matter.

In addition to the matters discussed above, from time to time the Company becomes aware of potential non-compliance with environmental regulations, which have either been identified by the Company (through its internal environmental compliance auditing program) or through a governmental entity. In some instances, these matters could potentially become the subject of an administrative or judicial proceeding and could potentially involve monetary sanctions of $100,000 or more.

The Company does not expect these matters, individually or collectively, to have a material adverse effect on the Company.

Employees - Labor Matters

As of March 1, 2003, the Company and its subsidiaries had approximately 72,000 employees, of which approximately 80% are represented by various labor organizations. This number represents a significant reduction from the end of 2001, when the Company and its subsidiaries had approximately 84,000 employees. This reduction was a direct response to the continuing adverse impact on air travel resulting from the September 11, 2001 terrorist attacks, reduced demand for air travel in general, as well as United's concerted efforts to reduce costs.

The employee groups, number of employees, labor organization and current contract status for each of United's collective bargaining groups, as of February 28, 2003, were as follows:

Employee Group	Number of Employees	Union	Contract Open for Amendment
Pilots	8,231	ALPA	September 1, 2004
Flight Attendants	18,099	AFA	March 1, 2006[1]
Mechanics & Related	10,326	IAM	July 12, 2005
Public Contact Employees/Ramp & Stores/Food Service Employees	21,180	IAM	November 1, 2004
Dispatchers	173	PAFCA	January 1, 2005
Meteorologists	18	TWU	June 1, 2005

Collective bargaining agreements ("CBAs") are negotiated under the Railway Labor Act, which governs labor relations in the transportation industry, and typically do not contain an expiration date. Instead, they specify an amendable date, upon which the contract is considered "open for amendment." Prior to the amendable date, neither party is required to agree to modifications to the bargaining agreement. Nevertheless, nothing prevents the parties from agreeing to start negotiations or to modify the agreement in advance of the amendable date. Contracts remain in effect while new agreements are negotiated. During the negotiating period, both the Company and the negotiating union are required to maintain the status quo.

In order to meet the earnings covenant under the DIP Financing, United needed to obtain substantial labor savings from its employees by mid-February 2003. Therefore, the Company imposed immediate wage reductions on its management and salaried employees, including officers in December 2002. Additionally, United immediately began negotiations with all of its unions in early December regarding the changes to the Company's CBAs necessary to satisfy United's short-term and long-term financial and business imperatives.

In the event the parties cannot reach consensual modifications, Section 1113(c) of the Bankruptcy Code permits the Company to move to reject its CBAs. Under Section 1113(c), the Company must satisfy several statutorily prescribed substantive and procedural prerequisites before the Bankruptcy Court will authorize the Company to reject its CBAs. In order to meet the deadline imposed by the DIP Financing covenants for reducing its labor costs, United had been prepared to file a motion to reject its CBAs pursuant to Section 1113(c) of the Bankruptcy Code by December 26, 2002, if consensual CBA modifications could not be reached before that date.

As the December 26 deadline neared, however, United and several of its unions agreed to consensual interim wage relief from its unions that would allow United and its unions more time to continue negotiations to reach agreements on the CBA modifications necessary for United to reorganize successfully while still meeting the short-term financial imperatives established by the DIP covenants. United reached agreements with four of its five unions to reduce wages on an interim basis, effective January 1, 2003 to April 30, 2003. The leadership of the IAM rejected the Company's proposal and therefore, on December 27, 2002, United filed a motion with the Bankruptcy Court to impose a wage reduction for the IAM-represented employees. On January 10, 2003, the Bankruptcy Court granted the Company's motion.

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[1] The collective bargaining agreement between the Company and the AFA provides for negotiated mid-term wage adjustments.

Under the terms of the interim agreements with its unions, and the relief granted by the Bankruptcy Court against the IAM, United agreed not to file a motion to reject its CBAs pursuant to Section 1113(c) before March 15, 2003. In the meantime, United and its unions continued negotiations. The Company's DIP covenants, however, still require United to obtain all of the relief sought in its proposed CBA modifications by May 1, 2003. As a result, on March 17, 2003, United filed a motion to reject its CBAs pursuant to Section 1113(c) and the Bankruptcy Court has scheduled hearings on this motion for April 14. March 17 was the deadline by which such a motion needed to be filed to ensure that the Company could obtain a ruling on its motion by early May 2003 and stay in compliance with its DIP Financing covenants.

On March 26, 2003, the Company reached a tentative agreement with the Air Line Pilots Association, International ("ALPA") on a restructured CBA. The agreement, which will become effective May 1, 2003, if ratified by the pilot membership, has a 6-year duration and would reduce pay and benefits, and improve productivity (through work rule changes), by an average of approximately $1.1 billion per year versus the current contract. As part of these changes, retirement and medical benefits for pilots would be reduced through a decrease in the Company's contribution to the pilot defined contribution plan, a reduction in the formula for their defined benefit plan, and changes to the medical plan including increases to co-payments.

The tentative agreement includes a success-sharing program that provides the opportunity for annual pay-outs tied to the Company's level of profitability and performance. The tentative agreement provides for significantly enhanced flexibility with respect to regional jets, code share arrangements and a low-cost offering. Finally, the Company has agreed to include in its plan of

reorganization provisions that pilots would receive a distribution of the equity, securities or other consideration provided to the general unsecured creditors. Additionally, the Company had agreed that any plan of reorganization it proposes or supports will provide the pilot group with a distribution of the above-described equity, securities or other consideration (as compared to the total distribution provided to all employee groups) which matches the proportion of pilots' contribution to total employee cost reductions.

The pilot contribution in the tentative agreement represents a significant portion of the overall labor cost reductions sought by the Company. Should the Company be unable to obtain labor cost reductions from any of its union groups (through consensual agreements or otherwise) which fall below the relief the Company has articulates as necessary from that group, the Company has agreed to proportionately reduce ALPA's approximate $1.1 billion contribution.

For additional information on labor negotiations, see *Other Information*, "Labor Agreements" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Corporate Governance and the ESOPs; Sunset

In July 1994, the stockholders of UAL approved a plan of recapitalization that provided an approximately 55% equity and voting interest in UAL to certain employees of United, in exchange for wage concessions and work-rule changes. The employees' equity interest was allocated to individual employee accounts through the year 2000 under the Employee Stock Ownership Plans ("ESOPs") created as part of the recapitalization. The entire ESOP voting interest is voted by the ESOP trustee at the direction of, and on behalf of, the employees participating in the ESOPs through Voting Preferred Stock. For further background information and a description of the ESOPs see Note 16, "ESOP Preferred Stock" and Note 19, "Employee Stock Ownership Plans" in the Notes to Consolidated Financial Statements.

As part of the recapitalization, the Company's stockholders approved an elaborate governance structure, which was contained principally in the Company's Restated Certificate of Incorporation ("UAL Charter") and the ESOPs. Among other matters, the UAL Charter provided that the Company's Board of Directors was to consist of five public directors, four independent directors and three employee directors appointed by different classes of stockholders. A number of special stockholder, Board and Board Committee voting requirements were also established which included special Board voting requirements on Extraordinary Matters (e.g. specified business transaction outside the ordinary course of business; significant asset dispositions; and most issuances of equity securities), amendments to the UAL Charter and specified bylaws, repurchases of common stock, stock sales to employee benefit plans, and business transactions with labor.

Under the terms of the UAL Charter, these special governance provisions, except as set forth below, expired or "Sunset" in all relevant respects on March 7, 2003, when the (a) common shares issuable upon conversion of outstanding Class 1 and Class 2 ESOP convertible preferred stock, plus (b) Common Equity (generally common stock issued or issuable as of July 1995) and common stock held in the ESOP and any other employee benefit plans sponsored by UAL or any of its subsidiaries for the benefit of employees, represented, in the aggregate, less than 20% of Common Equity. For purposes of measuring the Sunset, employee ownership was 33.37% at December 31, 2002 and 19.21% on March 7, 2003. After Sunset, Class P Voting Preferred Stock, Class M Voting Preferred Stock and Class S Voting Preferred Stock represent the right to cast in the aggregate the number of votes that is equal to 46.23%, 37.13% and 16.64%, respectively, of the number of shares of Common Stock issuable upon conversion of ESOP Preferred Stock outstanding or issuable under the Supplemental ESOP. The following provisions relating to the Board of Directors are in effect following Sunset: the three employee directors (representing ALPA, IAM and salaried and management employees) continue to serve on the Board; the Board size remains at 12 directors; the Outstanding Public Director Nominating Committee has the responsibility to nominate up to nine directors; and the two union directors serve on the Executive Committee and on any other committees with responsibilities substantially the same as to those of any committee on which the union directors were serving immediately prior to Sunset.

This section is intended as a general summary and is qualified in its entirety by reference to the UAL Charter.

ITEM 2. PROPERTIES.

Flight Equipment

As of December 31, 2002, United's operating aircraft fleet totaled 567 jet aircraft, of which 267 were owned and 300 were leased. These aircraft are listed below:

Aircraft Type	Average No. of Seats	Owned	Leased	Total	Average Age (Years)
A319-100	120	33	22	55	3
A320-200	138	43	55	98	5
B737-300	120	10	91	101	14
B737-500	104	39	18	57	11
B747-400	347	23	21	44	8
B757-200	182	43	54	97	11
B767-200	168	18	0	18	20

B767-300	219	17	20	37	8
B777-200	288	41	19	60	4
Total Operating Fleet		267	300	567	9

As of December 31, 2002, all 267 of the aircraft owned by United were encumbered under debt agreements. For additional information on accounting for these aircraft see Note 12, "Long-Term Debt" and Note 13, "Lease Obligations" in the Notes to Consolidated Financial Statements.

United has on firm order with the manufacturers 42 Airbus A319-100 and A320-200 and one Boeing 777-200 aircraft. The Company is evaluating these contracts in light of its financial condition and operational requirements.

In connection with the Company's bankruptcy reorganization under Chapter 11, United is reassessing its fleet requirements and is seeking to reduce significantly its aircraft financing costs. Central to this undertaking is the Company's effort to readjust lease and mortgage payments for aircraft whose fair market values have fallen since the execution of the original agreements. United is negotiating with a significant number of its aircraft lenders and lessors to restructure the underlying financings to reflect current market rates. Although the Company has reached agreements in principle with respect to a number of aircraft, there can be no assurance that those tentative arrangements will be successfully converted to final contracts, or that other comparable arrangements will be available to the Company. To the extent United is unable to reach final agreements at economically attractive terms for the requisite number of aircraft, its financial and operational performance may be adversely affected.

Under Section 1110 of the Bankruptcy Code, the automatic stay lasts for only 60 days with respect to Section 1110-eligible aircraft, engines and related equipment except under two conditions. The debtor may extend the 60-day period by agreement of the relevant financier, with court approval. Alternatively, the debtor may agree to perform all of the obligations under the applicable financing and cure any defaults thereunder as required by the Bankruptcy Code. In the absence of either such arrangement, the financier may take possession of the property and enforce any of its contractual rights or remedies to sell, lease or otherwise retain or dispose of such equipment.

The 60-day period under Section 1110 in UAL's Chapter 11 Case expired on February 7, 2003. The Company has reached agreements with a significant number of aircraft financiers to extend the automatic stay, in exchange in certain instances for United's agreement to make specified payments. United also has made elections with respect to certain other aircraft to cure all existing defaults and to pay the contract rates as required by the Bankruptcy Code. With respect to certain aircraft, however, United neither negotiated an extension of the automatic stay nor agreed to cure and resume payments. Accordingly, the financiers of such aircraft may seek to repossess the property. Although no such financiers have sought to repossess any United equipment, and although the Company believes that market conditions for commercial aircraft make repossession unlikely, there can be no assurance that UAL's lenders and lessors will not repossess any of the applicable aircraft. Any such repossessions could result in substantial disruptions to United's operations and could have a material adverse effect on the Company's business.

For more information on Section 1110, see Note 1, "Proceedings Under Chapter 11 of the Bankruptcy Code" in the Notes to Consolidated Financial Statements.

Ground Facilities

United has entered into various leases relating to its use of airport landing areas, gates, hangar sites, terminal buildings and other airport facilities in most of the municipalities it serves. Major leases expire at San Francisco in 2003 and 2011, Oakland in 2007, Washington-Dulles in 2014, Chicago O'Hare in 2018, Los Angeles in 2021, Denver in 2025 and Indianapolis in 2031. United intends to exercise its rights under the 2003 San Francisco lease by extending the term until 2013 pursuant to a 10-year renewal option. United owns a 106-acre complex in suburban Chicago consisting of more than 1,000,000 square feet of office space for its world headquarters, a computer facility and a training center. United also owns a flight training center, located in the City and County of Denver, that can accommodate 36 flight simulators and more than 90 computer-based training stations. Both the Chicago and Denver facilities are fully mortgaged. United owns a limited number of other properties, including a reservations facility and an office building in Denver and a crew hotel in Honolulu, Hawaii; all of these facilities are fully mortgaged.

United's Maintenance Operation Center at San Francisco International Airport occupies 129 acres of land, 3,000,000 square feet of floor space and 12 aircraft hangar docks under a lease expiring in 2003, with an option to extend for 10 years. United intends to exercise its rights under the lease agreement by extending the term until 2013 pursuant to the renewal option. United's Indianapolis Maintenance Center, a major aircraft maintenance and overhaul facility, is operated under a lease with the Indianapolis Airport Authority that expires in 2031. The Indianapolis Maintenance Center occupies 300 acres of land, 1,690,000 square feet of floor space and 12 aircraft hangar docks. United also leases a major facility at the Oakland, California airport, dedicated to widebody airframe maintenance. The Oakland facility occupies 44 acres of land, 380,000 square feet of floor space and has four aircraft hangar docks.

United's off-airport leased properties have included a number of ticketing, sales and general office space in the downtown and outlying areas of most of the larger cities comprised in the United system. As part of its restructuring and cost containment efforts, United has closed, terminated or rejected all of its city ticket office leases. United continues to lease and operate a number of general office, reservations, sales and other support facilities.

At December 31, 2002, approximately $1.7 billion in special facilities revenue bonds ("municipal bonds") originally issued on behalf of United to build or improve airport-related facilities were outstanding. The Company leases facilities at airports pursuant to lease agreements where municipal bonds funded at least some of its airport-related projects. Pursuant to the financing agreements

entered into by United in connection with such issuance of municipal bonds, the Company is required to make payments in amounts sufficient to pay the interest semi-annually with principal payable upon maturity.

United is not permitted under the Bankruptcy Code to make payments on unsecured pre-petition debt without providing notice to its creditors and receiving the approval of the Bankruptcy Court. As United has been advised its municipal bonds are unsecured (or in certain instances, partially secured) pre-petition debt, United cannot make payments thereon without first meeting the requirements outlined above.Accordingly, the Company has classified all of its municipal bonds as liabilities subject to compromise.

Section 365 of the Bankruptcy Code requires that the Company timely perform all of its post-petition obligations under unexpired leases of non-residential real property. The Company believes that it is in compliance with all payment obligations under its lease agreements relating to those airports where it has municipal bonds outstanding. Under certain of the airport lease agreements, however, the Company may be considered in default due to the non-payment of the debt and therefore subject to the default provisions of the lease agreements with the airports. Possible consequences could include loss of the Company's status as a signatory airline (resulting in increased rents and landing fees) and loss of the Company's exclusive space agreement.

The Company did not pay certain rental and landing fees when first due on December 1, 2002 under its airport use agreement with the City of Chicago with respect to the Chicago O'Hare International Airport. By letter to the Company dated December 4, 2002, Corporation Counsel for the City of Chicago asserted that the Company may have forfeited its exclusive rights to its premises at O'Hare on account of the Company's non-payment of such rental and landing fees. By letter to Corporation Counsel for the City of Chicago on December 5, 2002, the Company confirmed that it had paid, by wire transfer, on December 5, 2002, the full payment of outstanding rental and landing fee obligations at O'Hare and that such payment constituted a cure of any delinquency or default and that the Company's rights under such lease remain unaffected. Likewise, by letter to Corporation Counsel for the City of Chicago on December 6, 2002, the Company reiterated its position that the December 5th payment represented a cure of any rental delinquencies or defaults and that the City's attempt to modify the Company's exclusive rights was ineffective. A difference of opinion remains as to whether the City of Chicago's attempt to change the exclusive nature of the premises at O'Hare has any legal effect.

The Company did not make the debt service payments due March 1, 2003 of approximately $3.2 million on its Chicago O'Hare Series 1999A Bonds and of approximately $1.0 million on its Miami-Dade Series 2000 Bonds. Additionally, the Company does not intend to make debt service payments or any other payment due on or after April 1, 2003 on any of the municipal bond issuances, which include those referenced above, issued on behalf of the Company and relating to domestic airport financings.

The Company filed a Complaint Of Debtor For Declaratory Judgment with the Bankruptcy Court on February 28, 2003 and entered into a Standstill Agreement with the City of Chicago to seek clarification of its obligations under the municipal bonds and to protect its rights under its airport lease agreement at Chicago's O'Hare International Airport until the Bankruptcy Court decides the merits of the complaint.

On March 21, 2003, the Company filed other Complaints of Debtor for Declaratory Judgment and, in connection therewith, corresponding Motions for Temporary Restraining Order with respect to the municipal bonds issuances relating to the facilities at the Denver International Airport, the New York City - John F. Kennedy International Airport, the San Francisco International Airport, and the Los Angeles International Airport, each seeking a clarification of the Company's obligations under the applicable municipal bonds, and the protection of its rights under its underlying airport lease agreements at the applicable airport until the Bankruptcy Court decides the merits of each of the above complaints. On March 27, the Bankruptcy Court conducted a hearing on this issue. At that time, the Court continued the hearing until March 31, 2003 and the parties are attempting to negotiate an order that would protect the Company's rights under its leases by requiring the lessors to give additional notice of certain alleged defaults. The Company is unable to predict what, if any, action might be taken in the future by either the bondholders or the airport authorities as a result of its failure to pay these obligations as contractually required.

ITEM 3. LEGAL PROCEEDINGS.

In re: UAL Corporation, et. al.

As discussed above, on the Petition Date, the Company, United and 26 other direct and indirect wholly owned subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases are being jointly administered under the caption "In re UAL Corporation, et al., Case Nos. 02-B-48191 through 02-B-48218." As debtors-in-possession, the Debtors are authorized under Chapter 11 to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. As of the Petition Date, virtually all pending litigation (including some of the actions described below) is stayed, and absent further order of the Bankruptcy Court, no party, subject to certain exceptions, may take any action, again subject to certain exceptions, to recover on pre-petition claims against the Debtors. In addition, Debtors may reject pre-petition executory contracts and unexpired lease obligations, and parties affected by these rejections may file claims with the Bankruptcy Court. At this time, it is not possible to predict the outcome of the Chapter 11 Cases or their effect on the Company's business.

Summers v. UAL Corporation ESOP, et. al.

The UAL Corporation ESOP and the ESOP Committee were sued on February 28, 2003, by certain ESOP participants in a purported class action that alleges that the ESOP Committee breached its fiduciary duty by not selling UAL stock held by the ESOP from July 19, 2001 to the present. The complaint cites numerous events and disclosures that allegedly should have alerted the

Committee to the need to sell the shares. The ESOP committee ultimately appointed State Street to act as fiduciary, and State Street started selling the shares in September 2002 when the stock was trading between $1 and $5 per share. The Company has $10 million in fiduciary insurance in place to cover some portion of any liability and is obligated to indemnify the Committee members beyond that coverage.

Frank, et al. v. United; EEOC v. United

A class action lawsuit against United was filed on February 7, 1992 in federal district court in California, alleging that United's former flight attendant weight program, in effect from 1989 to 1994, unlawfully discriminated against flight attendants on the grounds of sex, age and other factors, and seeking monetary relief. On April 29, 1994, the class was certified as to the sex and age claims. Following extensive motion practice, on March 10, 1998, the district court dismissed all the claims against United. Following an appeal to the U.S. Court of Appeals for the Ninth Circuit, a three-judge panel of the Ninth Circuit, on June 21, 2000, overturned the ruling. The court ruled that the plaintiffs were entitled to judgment as a matter of law on their claims for discrimination based on sex and that a trial was required for determination on their claims for age discrimination. In addition, the appellate court reversed the dismissal of all individual class representative claims of discrimination and the case was remanded to the district court for further proceedings. United's petition before the U.S. Supreme Court was rejected. Prior to United's Chapter 11 filing, the parties settled the case to enable plaintiffs to establish the size of their unsecured claim. The automatic stay resulting from United's Chapter 11 filing will be lifted to allow the court to conduct proceedings to allow the finalization of the settlement as to the class.

Hall d.b.a. Travel Specialists v. United

A North Carolina travel agent filed an antitrust class action suit against United (and other carriers) initially in state court and then in federal court in North Carolina following the reduction by United (and other carriers) in November 1999 of commission rates payable to travel agents. Plaintiffs allege that United and the other carrier-defendants conspired to fix travel agent commissions in violation of the Sherman Act and seek treble damages and injunctive relief. Subsequent to this initial filing, the case has been expanded by the addition of five new travel agencies, ARTA, and eight new carrier defendants, including two Star Alliance carriers. In addition, the court has allowed the addition of claims related to carriers' commission reduction actions in 1997, 1998, 2001, and 2002. Earlier this year the Court granted plaintiffs' motion to certify the case as a class action consisting of all U.S. (and its possessions) travel agencies. Plaintiffs have claimed lost commissions, assuming liability, in the amount of approximately $13 billion, although United's alleged share of this amount has not been determined by plaintiffs. Upon UAL's Chapter 11 filing, this case was stayed as against United. Since that date, all remaining defendants have moved for summary judgment. Those motions are pending before the court. Trial has been set for September 2, 2003.

In addition to the Hall case, United has been named in several other cases filed in the U.S. and Canada, involving commission rates payable to travel agencies. These cases are in their early stages. United does not expect the outcome of Hall and the related cases to have any material effect upon UAL's consolidated financial position or results of operations.

Litigation Associated with September 11 Terrorism

Approximately 40 lawsuits have been served on United in the U.S. District Court for the Southern District of New York related to the September 11 terrorist attacks. The suits seek a variety of recoveries, including wrongful death, injury or property damage, and claim that United and others breached their duty of care to the passengers and to the ground victims. A number of lawsuits have also been filed against American and other defendants. Under federal law, United's liability on such claims will be limited to the amount of United's insurance coverage. United anticipates the filing of other lawsuits related to the September 11 attacks in the future. Also, a forum was created under federal law to provide, as an alternative to litigation, an administrative avenue for the payment of compensation to victims of the terror attacks. United has stipulated that the automatic stay applicable to these lawsuits under the U.S. Bankruptcy Code will be lifted for 60 days to permit United's participation in a motion to dismiss the claims of the ground victims.

See also Item 1, "Business - - Environmental Regulation" and Note 21, "Commitments, Contingent Liabilities and Uncertainties" in the Notes to Consolidated Financial Statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted to a vote of security holders of the Company during the fourth quarter of 2002.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock, $.01 par value (the "Common Stock"), is traded principally on the New York Stock Exchange (the "NYSE") under the symbol UAL, and is also listed on the Chicago Stock Exchange and the Pacific Stock Exchange. The following sets forth for the periods indicated the high and low sales prices of the Company's Common Stock on the NYSE Composite Tape and dividends paid per share.

	High	Low	Dividends Paid

2002:			
1st quarter	$ 17.90	$ 10.90	none
2nd quarter	16.11	9.50	none
3rd quarter	11.60	1.90	none
4th quarter	4.91	0.64	none
2001:			
1st quarter	$ 45.50	$ 30.50	$ .3125
2nd quarter	38.50	30.50	.3125
3rd quarter	36.54	16.22	.0500
4th quarter	20.10	9.40	none

The Company has suspended the payment of cash dividends on the Common Stock. No assurance can be given as to when or whether the payment of dividends will resume.

The rights and claims of the Company's various creditors and security holders will be determined by any plan of reorganization filed by UAL. No assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to each of these constituencies, and it is possible that UAL's equity or other securities will be restructured in a manner that will reduce substantially or eliminate any remaining value. Accordingly, the Company urges that appropriate caution be exercised with respect to existing and future investments in any of such securities and claims.

On February 28, 2003, based on reports by the Company's transfer agent for the Common Stock, there were 19,665 common stockholders of record.

Continued listing on the NYSE requires, among other things, compliance with certain quantitative criteria established by the NYSE. One such requirement is that the stock price remain, on average, at or above $1. On March 25, 2003, the Company received notice from the NYSE that the Common Stock was "below criteria" in this regard in that its average closing price for the preceding 30 consecutive trading days was less than $1. The Company has determined that it cannot affirm to the NYSE an intent to cure this deficiency within the prescribed period of time and, as a result, the NYSE has initiated delisting procedures of the Common Stock and other NYSE-listed securities of UAL. The Company expects the last day of trading on the NYSE to be April 2, 2003.

ITEM 6. SELECTED FINANCIAL DATA AND OPERATING STATISTICS.

(In Millions, Except Per Share and Rates)	Year Ended December 31				
	2002	2001	2000	1999	1998
Income Statement Data:					
Operating revenues	$ 14,286	$ 16,138	$ 19,352	$ 18,027	$ 17,561
Earnings (loss) before extraordinary item and cumulative effect	(3,212)	(2,137)	265	1,238	821
Net earnings (loss)	(3,212)	(2,145)	50	1,235	821
Per share amounts, diluted:					
Earnings (loss) before extraordinary item and cumulative effect	(53.55)	(39.90)	1.89	9.97	6.83
Net earnings (loss)	(53.55)	(40.04)	0.04	9.94	6.83
Cash dividends declared per common share	-	0.36	1.25	-	-
Other Information:					
Total assets at year-end	$ 23,656	$ 25,197	$ 24,355	$ 20,963	$ 18,559
Long-term debt and capital lease obligations, including current portion, and redeemable preferred stock	700	10,117	7,487	5,369	5,345
Liabilities subject to compromise	13,833	-	-	-	-
Revenue passengers	69	75	85	87	87
Revenue passenger miles	109,460	116,635	126,933	125,465	124,609
Available seat miles	148,827	164,849	175,485	176,686	174,008
Passenger load factor	73.5%	70.8%	72.3%	71.0%	71.6%
Breakeven passenger load factor	92.3%	90.1%	69.4%	64.9%	64.9%
Passenger revenue per passenger mile	10.8¢	11.7¢	13.3¢	12.5¢	12.4¢
Operating revenue per available seat mile	9.4¢	9.8¢	11.0¢	10.2¢	10.1¢

Operating expense per available seat mile	11.4¢	12.0¢	10.6¢	9.4¢	9.2¢
Fuel gallons consumed	2,458	2,861	3,101	3,065	3,029
Average price per gallon of jet fuel, including tax	78.2¢	86.5¢	81.0¢	57.9¢	59.0¢

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This section contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements represent the Company's expectations and beliefs concerning future events, based on information available to the Company on the date of the filing of this Form 10K, and are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from those referenced in the forward-looking statements are listed in the last paragraph of the section, "Outlook for 2003." The Company disclaims any intent or obligation to update or revise any of the forward-looking statements, whether in response to new information, unforeseen events, changed circumstances or otherwise.

Chapter 11 Reorganization

On December 9, 2002, the Debtors filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, in Chicago. For further details regarding the bankruptcy filing, see "Bankruptcy Considerations" under Item 1.

On the Petition Date, the Bankruptcy Court gave interim approval for an aggregate of up to $1.5 billion in DIP Financing. The DIP Financing is structured as a $300 million facility from Bank One, NA (the "Bank One Facility") and a $1.2 billion facility provided by a group led by JPMorgan Chase Bank, Citicorp USA, Inc., Bank One, NA and The CIT Group/Business Credit, Inc. (the "Club Facility"). The Company has received commitments of $1.0 billion under the Club Facility following the completion of the syndication process for that facility; the balance is conditioned upon the participation of one or more additional lenders, subject to approval by the existing participants. The Company currently has access to the entire Bank One Facility and to $500 million of the Club Facility. Access to the balance of the Club Facility is subject to specified terms of that facility. These terms require that the Company achieve performance milestones under its business plan, which include substantial cost savings in the near term. Final approval of the DIP Financing was granted by the Bankruptcy Court on December 30, 2002. For more information on the DIP Financing, see Note 1, "Proceedings Under Chapter 11 of the Bankruptcy Code" in the Notes to Consolidated Financial Statements.

In order to successfully exit Chapter 11, the Company will need to propose, and obtain confirmation by the Bankruptcy Court of, a plan of reorganization that satisfies the requirements of the Bankruptcy Code. A plan of reorganization would resolve, among other things, the Debtors' pre-petition obligations, set forth the revised capital structure of the newly reorganized entity and provide for its corporate governance subsequent to exit from bankruptcy. The timing of filing a plan of reorganization by the Company will depend on the timing and outcome of numerous other ongoing matters in the Chapter 11 Cases. Although the Company expects to file a plan of reorganization that provides for its emergence from bankruptcy as a going concern, there can be no assurance at this time that a plan of reorganization will be confirmed by the Bankruptcy Court, or that any such plan will be implemented successfully.

Under Section 362 of the Bankruptcy Code, the filing of a bankruptcy petition automatically stays most actions against a debtor, including most actions to collect pre-petition indebtedness or to exercise control over the property of the debtor's estate. Absent an order of the Bankruptcy Court, substantially all pre-petition liabilities are subject to settlement under the plan of reorganization. Notwithstanding the foregoing, the Debtors' rights to possess and operate certain qualifying aircraft, aircraft engines and other aircraft-related equipment that are leased or subject to a security interest or conditional sale contract are governed by Section 1110 of the Bankruptcy Code ("Section 1110") that specifies different treatment. For further information on Section 1110 and its impact on the Company, see "Properties - Flight Equipment" under Item 2 and Note 1, "Proceedings Under Chapter 11 of the Bankruptcy Code" in the Notes to Consolidated Financial Statements.

Under Section 365 of the Bankruptcy Code, the Debtors may assume, assume and assign, or reject certain executory contracts and unexpired leases, including leases of real property, aircraft and aircraft engines, subject to the approval of the Bankruptcy Court and certain other conditions. In general, rejection of an unexpired lease or executory contract is treated as a pre-petition breach of the lease or contract in question. Subject to certain exceptions, this rejection relieves the Debtors of performing their future obligations under that lease or contract but entitles the lessor or contract counterparty to a pre-petition general unsecured claim for damages caused by the deemed breach. Section 1113(c) of the Bankruptcy Code specified particular treatment of collective bargaining agreements ("CBAs") which a debtor may move to reject if the debtor first satisfies a number of statutorily prescribed substantive and procedural prerequisites and obtains the Bankruptcy Court's approval of the rejection. See "Employees - Labor Matters" under Item 1 and "Labor Agreements" below for further information.

At this time, it is not possible to predict accurately the effect of the Chapter 11 reorganization process on the Company's business or when it may emerge from Chapter 11. The Company's future results depend on the timely and successful confirmation and implementation of a plan of reorganization. The rights and claims of various creditors and security holders will be determined by the plan as well. No assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to each of these constituencies, and it is possible that UAL's equity or other securities will be restructured in a manner that will reduce substantially or eliminate any remaining value. Accordingly, the Company urges that appropriate caution be exercised with respect to existing and future investments in any of such securities and claims.

On February 24, 2003, the Bankruptcy Court entered a preliminary injunction in order to restrict the trading of the Company's common stock and debt interests in the Company. The purpose of the preliminary injunction was to ensure that the Company did not lose the benefit of its net operating loss ("NOL"). Under federal and state income tax law, an NOL can be used to offset future taxable income, and thus is an extremely valuable asset. However, a company can lose the benefit of its NOLs if the company is deemed to undergo an "ownership change" under certain very specific tax rules in the Internal Revenue Code. Excessive trading in a company's stock (or debt when the company is in bankruptcy) can trigger such an "ownership change," and thus the Company sought to restrict the trading of the Company's common stock and debt interests.

Under the terms of the preliminary injunction, no person can buy or sell UAL stock if that person holds more than 4.8 million shares of UAL common stock or would hold more than 4.8 million shares after the purchase. Any person who holds more than $200 million in debt claims against UAL must register as a "substantial claimholder" with UAL, and no person may acquire debt claims against UAL if the acquisition of the claims would cause them to hold more than $200 million in such claims. See Note 7, "Income Taxes" in the Notes to Consolidated Financial Statements.

The accompanying consolidated financial statements have been prepared in accordance with SOP 90-7 and on a going-concern basis, which contemplates continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business. However, as a result of the Debtors' Chapter 11 filing, such realization of assets and satisfaction of liabilities, without substantial adjustments or changes in ownership, are subject to uncertainty. While operating as debtors-in-possession under the protection of Chapter 11 of the Bankruptcy Code and subject to approval of the Bankruptcy Court or otherwise as permitted in the ordinary course of business, the Debtors may sell or otherwise dispose of assets, or liquidate and settle liabilities, for some amounts other than those reflected in the consolidated financial statements. Further, a plan of reorganization could materially change the amounts and classifications in the historical financial statements.

Results of Operations

Summary of Results -

The air travel business is subject to seasonal fluctuations. United's operations are often adversely impacted by winter weather and United's first- and fourth-quarter results normally reflect reduced travel demand. Historically, operating results are better in the second and third quarters. The events of September 11 and the downturn in the U.S. economy distorted the normal seasonal relationships in 2001 and 2002. As a result of the U.S. war with Iraq, the typical seasonal fluctuations may continue to be disrupted in 2003.

During 2000, the Company experienced significant operational disruptions, as a result of labor-related delays and cancellations, as well as weather and air traffic control limitations, which adversely affected both revenue and expense performance. The Company attempted to mitigate the impact of these operational difficulties by reducing capacity, particularly in the domestic markets, where most of the problems were concentrated. The Company estimated the revenue shortfall arising from these disruptions and associated schedule reductions and cancellations to be somewhere between $700 and $750 million for the year.

Additionally, beginning in early 2001, the weakening U.S. economy had a significant impact on the airline industry as corporations reduced their business travel budgets and changed their travel behavior. During the first six months of 2001, the industry began experiencing significant revenue declines as a result of the decrease in business traffic, which impacted both unit revenues and yields, particularly in the domestic markets. United's domestic passenger revenue was down $728 million (12%) in the first six months of 2001 compared to the same period in 2000, partially driven from a 4% domestic capacity reduction and a 15% decline in business revenues. Domestic unit revenue was down 8% from 2000. Domestic business revenue was down $631 million (15%) in the first six months of 2001, driven by a 13% decline in volume and a 2% decline in yield.

Historically, there has been a strong correlation between airline revenues and GDP and corporate profitability. As corporate profitability dropped during this period, companies reduced spending on travel. During this period, approximately 65% to 75% of United's domestic revenues were derived from business travelers, which resulted in United being disproportionately affected by this decline as compared to some of United's competitors who rely less heavily on business travelers.

The terrorist attacks of September 11, 2001 had a significant negative impact on passenger and cargo demand for air travel. In a direct response to the adverse impact on air travel as a result of the terrorist attacks, United reduced its capacity by 23% based on system-wide available seat miles compared to levels prior to September 11. This schedule reduction allowed for the early retirement of the entire B727-200 and B737-200 fleets in 2001. Additionally, United began the process of furloughing approximately 20,000 employees. During the fourth quarter 2001, United restructured its aircraft delivery program with both The Boeing Company and Airbus Industrie to defer deliveries of new aircraft for 2002 and 2003 from the 67 originally planned to 24 aircraft. United took delivery of 24 of an original 49 aircraft scheduled for the year 2002 and will not take delivery of any of the 18 aircraft originally scheduled for 2003. The remaining 43 aircraft have been deferred into 2004 and beyond. United's future schedule will vary as the Company reacts to continuing changes in demand and yields, as well as normal factors such as seasonality and fleet composition.

As part of the Air Transportation Safety and System Stabilization Act of 2001 (the "Act") enacted in response to the events of September 11, 2001, the federal government made $5.0 billion in federal grants available to the airline industry. The Company received a total of $782 million in grants under the Act. This amount represents the Company's total allocation of grant money under the Act and is recorded as non-operating income in the Statements of Consolidated Operations. For further discussion of the impact of the attacks, the Company's response and the Act on the Company's financial statements, see Note 3, "Special Charges" in the Notes to Consolidated Financial Statements.

Throughout 2002, the Company continued to suffer from the weakened revenue environment resulting from the events of September 11 and the weak U.S. economy. In early 2002, year-over-year unit revenues had been improving each month from a 14% decline in January to a 4% decline in May; however, unit revenue growth stalled in the third and fourth quarters as demand continued to be weak and yields declined. Industry revenues continue to remain below 1995 levels and United, in particular, has experienced

declines in domestic unit revenue that are below industry levels. United's unit revenue for 2002 decreased 4% from the prior year and yields have declined 8% year-over-year.

UAL's loss from operations was $(2.8) billion in 2002, compared to $(3.8) billion in 2001. UAL's net loss for 2002 was $(3.2) billion ($(53.55) per share), compared to $(2.1) billion ($(39.90) per share) before the cumulative effect of an accounting change in 2001.

The 2002 results include a special charge of $149 million recorded in connection with the closing of Avolar ($82 million) and severance related to furloughs ($67 million) Additionally, the Company recorded a gain of $46 million on the sale of its investment in Cendant Corporation and recognized $130 million in non-operating income as compensation under the Act. During 2002, the Company also had a 0% effective tax rate, as compared to recognizing a $1.2 billion tax credit in 2001.

During 2001, United recorded a special charge of $1.3 billion in operating expense and $49 million in non-operating expense for amounts relating to the September 11 terrorist attacks and the resulting impact on the Company's schedule and operations. In addition, through December 31, United has recognized $652 million in non-operating income as compensation under the Act.

Also during 2001, UAL recognized a special charge of $116 million for costs associated with a terminated merger with US Airways Group, Inc., including a $50 million termination fee. In addition, the Company recorded a gain of $261 million on the sale of certain investments.

Each of the above special charges and gains on sales are described more fully in Note 3, "Special Charges," Note 7, "Income Taxes" and Note 8 "Investments" in the Notes to Consolidated Financial Statements.

2002 Compared with 2001 -

Operating Revenues. Operating revenues decreased $1.9 billion (12%) and United's revenue per available seat mile (unit revenue) decreased 4% from 9.76 cents to 9.35 cents. Passenger revenues decreased $1.9 billion (14%) due to a 6% decrease in revenue passenger miles and an 8% decrease in yield. United's available seat miles across the system decreased 10% from 2001; however, passenger load factor increased 2.7 points to 73.5%. The following analysis by market is based on information reported to the DOT:

	Increase (Decrease)		
	Available Seat Miles (Capacity)	Revenue Passenger Miles (Traffic)	Revenue Per Revenue Passenger Mile (Yield)
Domestic	(7%)	(5%)	(11%)
Pacific	(15%)	(4%)	(3%)
Atlantic	(15%)	(10%)	-
Latin America	(16%)	(19%)	(13%)
System	(10%)	(6%)	(8%)

Cargo revenues decreased $31 million (4%) due primarily to a 5% decrease in cargo ton miles, as cargo yields remained flat year over year. Other operating revenues increased $95 million (6%) primarily due to increases in Mileage Plus third-party revenues.

Operating Expenses. Operating expenses decreased $1.5 billion (8%) and United's cost per available seat mile (unit cost) increased 0.8% from 11.24 cents to 11.33 cents, excluding special charges. Salaries and related costs decreased $51 million (1%) as the impact of furloughing employees was partially offset by contractually driven salary and benefit enhancements as well as increases to pension and postretirement expense. Aircraft fuel decreased $555 million (22%) on a 14% decrease in consumption and a 10% decrease in fuel price. Purchased services decreased $239 million (15%) primarily as a result of volume-driven decreases in GDS (global distribution systems) and credit card discount fees. Depreciation and amortization decreased $66 million (6%) primarily due to retirements of older aircraft. Aircraft maintenance decreased $141 million (20%) due to retirements of older aircraft and a decrease in engine and aircraft repair volumes as a result of reduced flying. Commissions decreased $294 million (41%) as a result of United discontinuing paying base commissions on all tickets purchased in the U.S. and Canada, effective March 20, 2002, as well as a decrease in commissionable revenues. Other operating expenses decreased $157 million (9%) due to decreases in crew layover expenses and volume-driven food and beverage costs, offset by increased costs for hull and liability insurance of approximately $100 million.

Other income (expense). Other non-operating expense amounted to $534 million in 2002 compared to $450 million in 2001, excluding special charges, reorganization items, gains on sales and the airline stabilization grant. Interest expense increased $65 million (12%) due to new debt issuances and increased borrowing rates. Interest capitalized decreased $54 million (68%) primarily as a result of lower advance payments outstanding towards future aircraft purchases. Interest income decreased $45 million (43%) due to lower investment balances combined with lower interest rates. Miscellaneous, net decreased $64 million (74%) primarily as a result of lower reserve requirements for legal and environmental costs.

2001 Compared with 2000 -

Operating Revenues. Operating revenues decreased $3.2 billion (17%) and United's revenue per available seat mile (unit revenue) decreased 11% from 11.02 cents to 9.76 cents. Passenger revenues decreased $3.1 billion (19%) due to an 8% decrease in revenue passenger miles and an 11% decrease in yield. United's available seat miles across the system decreased 6% from 2000 which, combined with the decrease in revenue passenger miles, resulted in a decrease to passenger load factor of 1.5 points to 70.8%. The following analysis by market is based on information reported to the DOT:

	Increase (Decrease)		
	Available Seat Miles (Capacity)	Revenue Passenger Miles (Traffic)	Revenue Per Revenue Passenger Mile (Yield)
Domestic	(8%)	(10%)	(11%)
Pacific	(4%)	(6%)	(13%)
Atlantic	2%	(2%)	(11%)
Latin America	(10%)	(12%)	(6%)
System	(6%)	(8%)	(11%)

Cargo revenues decreased $227 million (24%) due to a 24% decrease in cargo ton miles largely as a result of the September 11 terrorist attacks, as well as the discontinuation of freighter operations in the fourth quarter 2000. Other operating revenues grew $157 million (11%) primarily due to a $161 million increase in fuel sales to third parties.

Operating Expenses. Operating expenses decreased $78 million (0.4%) and United's cost per available seat mile (unit cost) increased 6%, from 10.58 cents to 11.24 cents, excluding special charges. Salaries and related costs increased $203 million (3%) due to routine annual salary increases for non-contract employees, contractually-driven increases for employees represented by ALPA and the estimated costs of contracts with the IAM, which were partially offset by the reduction in force implemented after September 11. Commissions decreased $315 million (31%) as a result of a decrease in commissionable revenues and a change to the commission structure implemented in August 2001, which reduced the cap paid on commissions issued in the U.S. for domestic travel from $50 for a round-trip ticket ($25 for a one-way ticket) to $20 and $10, respectively. Aircraft rent decreased $61 million (7%) as the retirement of older aircraft reduced the number of aircraft under operating leases. Landing fees and other rent increased $50 million (5%) primarily due to increased rates at various airports. Depreciation and amortization increased $38 million (4%) due to an increase in the number of owned aircraft. Cost of sales increased $219 million (21%) primarily due to costs associated with fuel sales to third parties.

Other income (expense). Other non-operating expense amounted to $450 million in 2001 compared to $271 million in 2000, excluding special charges, gains on sales and the airline stabilization grant. Interest expense increased $123 million (31%) as a result of new debt issuances. Equity in losses of affiliates increased $11 million (92%) primarily due to losses recorded for the Company's investment in Orbitz.

Liquidity and Capital Resources

The matters described in "Liquidity and Capital Resources," to the extent that they relate to future events or expectations, may be significantly affected by the Chapter 11 Cases. Those proceedings will involve, or may result in, various restrictions on the Company's activities, limitations on financing, the need to obtain Bankruptcy Court and Creditor's Committee approval for various matters and uncertainty as to relationships with vendors, suppliers, customers and others with whom the Company may conduct or seek to conduct business.

Generally, under the Bankruptcy Code, most of a debtor's liabilities must be satisfied in full before the debtor's stockholders can receive any distribution on account of such shares. The rights and claims of the Company's various creditors and security holders will be determined by any plan of reorganization filed by UAL. Further, it is also likely that pre-petition unsecured claims against the Company will be substantially impaired in connection with the Company's reorganization. No assurance can be given as to what values, if any, will be ascribed in the bankruptcy proceedings to each of these constituencies, and it is possible that UAL's equity or other securities will be restructured in a manner that will reduce substantially or eliminate any remaining value.

Liquidity -

UAL's total of cash, cash equivalents and short-term investments, including restricted cash (both short- and long-term), was $1.9 billion at December 31, 2002, compared to $2.6 billion at December 31, 2001. Cash flows used in operations amounted to $1.1 billion, including the receipt of $130 million in government grant money.

Property additions, including aircraft and aircraft spare parts, amounted to $887 million, including $730 million of vendor-financed purchases. During 2002, United took delivery of eight A319, twelve A320 and four B777 aircraft. All of these aircraft were purchased. United also acquired one B757 and nine B737 aircraft off lease during the same period. Additionally, ten owned aircraft were sold and then leased back under operating leases during the year.

Financing activities during 2002 included principal payments under debt and capital lease obligations of $1.3 billion and $220 million, respectively. During 2002, United closed on a $775 million private debt financing which refinanced certain aircraft and raised approximately $250 million in additional cash. United also arranged long-term financing for approximately $314 million in debt that had been placed in interim financing facilities and refinanced $238 million in long-term debt through a sale-leaseback transaction that raised approximately $72 million in additional cash. Additionally, United repaid $133 million in receivables-backed short-term borrowings when certain banks supporting the borrowing program declined to renew it. In December 2002, United borrowed $700 million under the DIP Financing.

In June 2002, United repaid $34 million to the State of Indiana, on behalf of the various parties to the agreements, for failure to reach its capital targets in connection with the construction of the Indianapolis Maintenance Center. In addition, in December 2002, the Company paid $59 million in retroactive pay plus accrued interest to IAM-represented employees.

During 2002, the Company received approximately $580 million, net, in income tax refunds, part of which was a result of changes in the tax laws. In addition, United paid $290 million in federal transportation taxes that had been deferred under the Act after the September 11 terrorist attacks.

Also in 2002, the Company received $137 million in proceeds from the sale of its Cendant Corporation stock and $130 million in compensation under the Act. In the third quarter of 2002, the Company received approximately $113 million in cash which had been held in trust under a services agreement with Galileo International (now Cendant Corporation).

As of December 31, 2002, the Company had $578 million in restricted cash (including $116 million in long-term restricted cash) on deposit with various state and local governments. The cash largely represents security for worker compensation obligations in states where United self-insures, security deposits for airport leases and reserves with institutions which process the Company's sales. Prior to 2002, United met many of these obligations through surety bonds or a secured letter of credit facility; however, many of the bonds have been cancelled and the letter of credit facility expired in August of 2002. As a result, United has been and may, in the future, be required to post additional collateral in the form of cash deposits to support these types of obligations.

United's liability insurance for losses resulting from war perils (terrorism, sabotage, hijacking and other similar perils) was cancelled effective September 26, 2001. United obtained replacement coverage, although it was charged significantly higher premiums for this replacement coverage which was in a substantially reduced amount for claims not involving aircraft passengers. Additionally, the FAA began providing supplemental third-party war risk insurance coverage to commercial carriers for renewable 60-day periods for levels of coverage not available in the market, which United also obtained.

In November 2002, Congress passed the Homeland Security Act of 2002, which required the FAA to provide third party, passenger and hull war risk insurance through August 31, 2003. This insurance may be extended to December 31, 2003, subject to the federal government's determination that such coverage is necessary to the national interest. There can be no assurance, however, that the FAA insurance will continue to be available. Should the FAA discontinue this coverage, obtaining replacement insurance from commercial underwriters could result in substantially higher premiums and more restrictive terms, if it is available at all.

United did not make any cash contributions to its defined benefit pension plan trusts for U.S. based employees in 2001 or 2002. In lieu of making cash contributions, the Company utilized a portion of its credit balance (the cumulative difference between prior year minimum required contributions and actual contributions) to meet the minimum required contribution. The Company has a remaining credit balance that is available to be used in 2003; however, once the credit balance is fully utilized, substantial contributions may be required. The Company currently estimates, based on current market conditions and benefit plans, that it could be required to contribute approximately $5.5 billion to its defined benefit pension plan trusts over the next few years. However, future funding requirements are dependent upon factors such as interest rate levels, funded status, regulatory requirements for funding purposes and the level and timing of asset returns as compared with the level and timing of expected benefit disbursements. In addition, the Company is seeking to revise its pension plans, as discussed in "Labor Agreements" below, which would also impact future funding requirements. As such, it is not possible to be more specific with respect to required contributions and actual future contributions may differ materially. As of December 31, 2002, United's defined benefit pension plans were in compliance with all U.S. government funding requirements.

In conjunction with the ratification of the contracts for the IAM, the Company has provided collateral consisting of certain real estate, flight simulators, ground equipment and spare part assets to support the payment of approximately $520 million in retroactive wages due under the contracts in eight quarterly installments commencing December 2002. In December 2002, the Company made the first payment required under the contract and is currently seeking release of the additional collateral.

On September 30, 2002, UAL announced that it was suspending the payment of dividends on its 12.25% Series B preferred stock and extending the payment of the December 31 distribution on its 13.25% Trust Originated Preferred Securities ("TOPrS") to March 31, 2003. As a result of its bankruptcy filing, UAL is no longer making dividend payments on the Series B or paying distributions on the TOPrS.

In connection with UAL's announcement that it was suspending dividend and distribution payments, Standard & Poor's ("S&P") downgraded UAL's Series B preferred stock and TOPrS to D from CC. As a result of the bankruptcy filing, S&P downgraded United's senior unsecured debt to D. In August 2002, Moody's Investors Service Inc. downgraded its credit ratings on United's senior unsecured debt from Caa1 to Ca and its ratings on UAL's Series B preferred stock and redeemable preferred securities from Ca to C. Downgrades of the Company's credit ratings during 2002 have resulted in an increase of $2 million in interest expense for the year.

At December 31, 2002, commitments for the purchase of property and equipment, principally aircraft, approximated $1.6 billion, after deducting advance payments. Of this amount, an estimated $0.1 billion is expected to be spent in 2003. For further details, see Note 21, "Commitments, Contingent Liabilities and Uncertainties" in the Notes to Consolidated Financial Statements.

Capital Commitments -

The Company's business is very capital intensive, requiring significant amounts of capital to fund the acquisition of assets, particularly aircraft. United has, in the past, funded the acquisition of aircraft through outright purchase, by issuing debt, or by entering into capital or operating leases. Similarly, the Company often enters into long-term lease commitments with airports to ensure access to terminal, cargo, maintenance and other similar facilities. As can be seen in the table below, these operating lease commitments (which are sometimes referred to as "off-balance sheet debt") are significant.

Following is a summary of the Company's material contractual cash obligations as of December 31, 2002:

(In billions)	Less than one year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Long term debt	$ -	$ .7	$ -	$ -	$ .7
Capital lease obligations	.3	.6	.8	1.2	2.9

Operating leases	1.6	3.2	3.2	15.3	23.3
Pension obligations	-	3.2	2.3	nm	5.5
Capital spending commitments	.1	.7	.8	-	1.6
Total contractual cash obligations	$ 2.0	$ 8.4	$ 7.1	$ 16.5	$ 34.0

As a result of the bankruptcy filing, the Company is not permitted to make any payments on its pre-petition debt and therefore, the amounts have been excluded from the above table. In addition, as discussed in Note 1, "Proceedings under Chapter 11 of the Bankruptcy Code" and Note 13, "Lease Obligations" in the Notes to Consolidated Financial Statements, the Company may assume, assume and assign or reject certain executory contracts and unexpired leases pursuant to the Bankruptcy Code. As a result, the Company anticipates that its lease obligations as currently detailed in the above table will change significantly in the future.

The pension obligations as of December 31, 2002 are based on the Company's current pension assumptions and current labor contracts. Thus, they assume no permanent wage concessions are achieved, nor any changes to the Company's pension benefit plans are implemented and that no waivers have been obtained from the government to spread the minimum cash contributions for pensions over a longer period. If these changes are effected in the future, the Company's pension funding obligations could be reduced by approximately $1.9 billion over this same period.

See Note 12, "Long-Term Debt," Note 13, "Lease Obligations," Note 20, "Pension and Postretirement Plans" and Note 21, "Commitments, Contingent Liabilities and Uncertainties" in the Notes to Consolidated Financial Statements for additional discussion of these items.

Capital Resources -

DIP Financing. The DIP Financing consists of two facilities, the Bank One Facility for $300 million and the Club Facility for $1.2 billion. The Company has received commitments of $1.0 billion under the Club Facility following the completion of the syndication process for that facility; the balance is conditioned upon the participation of one or more additional lenders, subject to approval by the existing participants.

The Bank One Facility consists of a $300 million term loan with an interest rate option of the prime rate plus 5.5% or LIBOR plus 6.5% (with a LIBOR floor of 3%). As of December 31, 2002, the Company had borrowed $300 million at the LIBOR option which is due in five equal monthly installments beginning in March 2004.

The Club Facility consists of a revolving credit and letter of credit facility of $800 million and a term loan of $400 million, which matures on July 1, 2004. The Company has the option of borrowing under the Club Facility at an interest rate of the prime rate plus 5.5% or LIBOR plus 6.5% (with a LIBOR floor of 3%). As of December 31, 2002, the Company had borrowed $400 million under the term loan at the LIBOR option. In addition, the Company had available a $100 million letter of credit facility that was drawn down in March 2003. The remaining $700 million under the revolving credit facility is subject to stringent availability hurdles as discussed below.

The terms of the DIP Financing include covenants that require the Company to satisfy monthly ongoing financial requirements as determined by EBITDAR (earnings before interest, income taxes, depreciation, amortization and aircraft rents) and covenants that limit, among other things, the Debtors' ability to borrow additional money, make capital expenditures and make additional corporate investments. In addition, the Company is required to maintain a minimum unrestricted cash balance, excluding escrowed amounts, of $300 million.

Under the Club Facility, borrowing availability is determined by a formula based on a percentage of eligible assets. The eligible assets consist of certain previously unencumbered aircraft, spare engines, spare parts inventory, certain flight simulators and quick engine change kits. The underlying value of such assets may fluctuate periodically due to prevailing market conditions and fluctuations in value may have an impact on the borrowing availability under the Club Facility. Availability may be further limited by additional reserves imposed by the banks in their commercially reasonable discretion.

The remaining $700 million of availability under the Club Facility, subject to the limitation on borrowing availability discussed above, will be available to the Company after certain conditions are met, including achieving positive cumulative EBITDAR; submitting a certified updated business plan; providing updated appraisals on the collateral and ascertaining there has been no material adverse change with respect to transferability of routes, gate leaseholds or slots.

Other Information

Plan for Transformation -

During the first quarter of 2003, the Company presented to its Board of Directors and employees information regarding the plan for transformation (the "Plan"), which outlines the fundamental changes to United's strategic direction. The Plan, which the Company is working to refine through further collaboration with its employee and creditor constituencies, seeks to develop a durable and sustainable business model that will lay the foundation for a company that is successful and competitive for the long run.

Core objectives of the Plan are the reduction of United's labor and non-labor costs and the development of a more comprehensive and compelling portfolio of products. The Plan is intended to leverage United's strengths, including its industry-leading global route network, substantial, well-situated hubs and large and loyal customer base, including its Mileage Plus frequent flyer program. Key operational elements of the plan include: (1) the preservation and enhancement of United's extensive mainline service targeted primarily at the business traveler; (2) the creation of a low-cost offering to compete directly with low-cost carriers for leisure and price-sensitive travelers; (3) the growth of the Company's United Express regional operations and (4) the expansion of United's domestic and international alliances.

Through the Plan, the Company must:

- reduce costs and develop a business model that builds credibility with the financial and investment community to ensure that United has access to capital to emerge from Chapter 11;
- create clear and compelling value for customers;
- maintain and build on United's strong global network by creating a competitive portfolio of products that allows United to continue to serve our core business customer, yet offers additional value to cost-conscious fliers and addresses the threat from low-cost carriers; and
- deliver value to employees in a fundamentally changed industry environment.

The Company has already began making cost reductions through a comprehensive restructuring program that includes:

- reducing union labor costs through interim wage reductions as discussed below in "Labor Agreements;"
- reducing salaried and management costs by $250 million in 2003 through wage reductions implemented in December 2002, headcount reductions effective January 2003 and proposed benefit changes;
- identifying business transformation initiatives that involve strategic projects, such as the US Airways code share, and a systematic cost reduction program to increase revenues and lower costs by over $1 billion in 2003 and $1.4 billion in 2004;
- renegotiating aircraft lease and mortgage agreements for approximately $500 million in estimated savings by 2005; and

- reducing capacity by 6% in 2003 and closing all U.S. city ticket offices and certain reservation call centers

Additionally, in 2003, the Company has implemented an additional across-the-board reduction to cut costs by targeting such areas as overhead staffing, food and beverage costs and technology spending. The Company has also begun a "best practices" program designed to examine every area of the Company and implement more efficient practices. This program is expected to result in an additional $400 million in cost reductions by 2005.

Labor Agreements -

In order to meet the EBITDAR covenant under the DIP Financing, United needed to obtain substantial labor savings from its employees by mid-February 2003. Therefore, the Company imposed immediate wage reductions of between 3% and 11% on its management and salaried employees, including officers in December 2002. Additionally, United immediately began negotiations with all of its unions in early December regarding the changes to the Company's CBAs necessary to satisfy United's short-term and long-term financial and business imperatives. The Company's proposed changes to its CBAs involve targeted cost savings of $2.56 billion annually on a cash basis compared to the current contractual path. These cost savings are expected to be realized through wage rate reductions, work rule modifications and reduced benefit levels.

In the event the parties cannot reach consensual modifications, Section 1113(c) of the Bankruptcy Code permits the Company to move to reject its CBAs. Under Section 1113(c), the Company must satisfy several statutorily prescribed substantive and procedural prerequisites before the Bankruptcy Court will authorize the Company to reject its CBAs. In order to meet the deadline for reducing its labor costs and avoid being in default under the terms of the DIP Financing, United had been prepared to file a motion to reject its CBAs pursuant to Section 1113(c) of the Bankruptcy Code by December 26, 2002, if consensual CBA modifications could not be reached before that date.

As the December 26 deadline neared, however, United and several of its unions agreed to consensual interim wage relief from its unions that would allow United and its unions more time to continue negotiations to reach agreements on the CBA modifications necessary for United to successfully reorganize while still meeting the short-term financial imperatives established by the DIP covenants in the meantime. United reached agreements with four of its five unions to reduce wages on an interim basis, effective January 1, 2003 to April 30, 2003, resulting in a reduction to wages for ALPA-represented employees of 29%, AFA-represented employees of 9% and PAFCA and TWU-represented employees of 13%. The leadership of the IAM rejected the Company's proposal and therefore, on December 27, 2002, United filed a motion with the Bankruptcy Court to impose a 13% wage reduction for the IAM-represented employees. On January 10, 2003, the Bankruptcy Court granted the Company's motion and the Company effectively reduced IAM-represented employee wages by 13% (14% from wages earned after January 10, 2003). These wage reductions, combined with the wage reductions for the Company's salaried and management employees, are expected to result in cost savings of approximately $70 million per month through April 2003.

Under the terms of the interim agreements with its unions, and the relief granted by the Bankruptcy Court against the IAM, United agreed not to file a motion to reject its CBAs pursuant to Section 1113(c) before March 15, 2003. In the meantime, United and its unions continued negotiations. The Company's DIP covenants, however, still require United to obtain all of the relief sought in its proposed CBA modifications by May 1, 2003. As a result, on March 17, 2003, United filed a motion to reject its CBAs pursuant to Section 1113(c) and the Bankruptcy Court has scheduled hearings on this motions for April 14. March 17 was the deadline by which such a motion needed to be filed to ensure that the Company could obtain a ruling on its motion by early May 2003 and stay in compliance with its DIP Financing covenants. Without the full relief sought by United's proposed CBA modifications becoming effective by early May, the Company would be unable to meet its covenants, entitling its DIP lenders to foreclose on substantial assets United needs to operate its business.

On March 26, 2003, the Company reached a tentative agreement with the Air Line Pilots Association on a restructured CBA. The agreement, which will become effective May 1, 2003, if ratified by the pilot membership, has a 6-year duration, includes provisions for a 30% pay cut (with1.5% increases on May 1, 2006, 2007, 2008 and April 30, 2009) and common pay rates for three groupings of aircraft: B747-400 and B777 (paid at the B777 rate), B767 and B757 (paid at a blended rate), and A319/320 and B737 300/500 (paid at the B737 rate). The pilot defined benefit plan multiplier is reduced to 1.35 and the participation credit is capped at 30 years. The Company's contribution to the pilot defined contribution plan is reduced from 11% to 9%. Pilot health benefits will be adjusted to incorporate mainstream benefit provisions and form the basis for a common plan among all employees with a 20% co-pay.

The agreement provides for flexibility with respect to regional jets, domestic and international code share, cargo, and targeted low-cost operations. The contract no longer contains a prohibition on furlough or a requirement to maintain a minimum fleet or level of pilot staffing. Instead, the agreement provides for the establishment of a single block hours commitment at the time of emergence from bankruptcy.

As a part of the restructured CBA, United pilots will participate in a two-part success-sharing program including an annual incentive plan that aligns the interests of management and other employees and a pre-tax profit-sharing plan that recognizes the pilots' level of participation in the overall restructuring. In addition, the pilot group will have a representative on the UAL board of directors with ordinary voting power. The pilots additionally will receive equity securities or other consideration under the plan of reorganization that fairly reflects the value of the pilot contribution to the reorganization of the Company.

US Airways Code Share -

On July 24, 2002, the Company announced a code share agreement with US Airways. The agreement, which is expected to generate more than $200 million in annual revenue for United, would allow both carriers to market service on each other's network, providing significant consumer benefits and bringing new revenue and customers to their route networks.

United and US Airways customers have access to each carriers' airport clubs and they are able to earn and redeem miles on each carriers' frequent flyer program. Additionally, beginning January 28, 2003, the two carriers began to code share on selected flights and expect to complete implementation of the code sharing arrangement by the end of 2003.

Foreign Operations -

United generates revenues and incurs expenses in numerous foreign currencies. These expenses include aircraft leases, commissions, catering, personnel expense, advertising and distribution costs, customer service expenses and aircraft maintenance. Changes in foreign currency exchange rates impact operating income through changes in foreign currency-denominated operating revenues and expenses. Despite the adverse (favorable) effects a strengthening (weakening) foreign currency may have on U.S. originating traffic, a strengthening (weakening) of foreign currencies tends to increase (decrease) reported revenue and operating income because United's foreign currency-denominated operating revenue generally exceeds its foreign currency-denominated operating expense for each currency.

With a worldwide network and significant sales and marketing efforts in the U.S. as well as every major economic region in the world, United is able to mitigate its exposure to fluctuations in any single foreign currency. The Company's biggest net exposures are typically for British pound, Hong Kong dollar, euro and Japanese yen. The table below sets forth the Company's exposure to various currencies in 2002:

	Operating revenue net of operating expense	
Currency (in millions)	Foreign Currency Value	USD Value
British pound	72	$107
Hong Kong dollar	795	102
euro	71	68
Japanese yen	6,615	54

To reduce the impact of exchange rate fluctuations on United's financial results, the Company may hedge some of the risk of exchange rate volatility on its anticipated future foreign currency revenues by purchasing put options (consisting of Japanese yen, euro, Canadian dollars, Australian dollars and British pounds) and selling Hong Kong dollar forwards. To reduce hedging costs, the Company sells a correlation option in the first five currencies referred to above. United also attempts to reduce its exposure to transaction gains and losses by converting excess local currencies generated to U.S. dollars on a timely basis and by entering into currency forward or exchange contracts. As a result of the bankruptcy filing, all swaps and forwards were terminated by the respective counterparties and the Company's ability to enter into new swaps or forwards may be limited in the future as a result of the bankruptcy filing.

United's foreign operations involve insignificant amounts of physical assets; however, the Company does have sizable intangible assets related to acquisitions of Atlantic and Latin America route authorities. Operating authorities in international markets are governed by bilateral aviation agreements between the U.S. and foreign countries. Changes in U.S. or foreign government aviation policies can lead to the alteration or termination of existing air service agreements that could adversely impact the value of United's international route authority. Significant changes in such policies could also have a material impact on UAL's operating revenues and results of operations.

Municipal Bonds -

At December 31, 2002, approximately $1.7 billion in special facilities revenue bonds ("municipal bonds") originally issued on behalf of United to build or improve airport-related facilities were outstanding. The Company leases facilities at airports pursuant to lease agreements where municipal bonds funded at least some of its airport-related projects. Pursuant to the financing agreements entered into by United in connection with such issuance of municipal bonds, the Company is required to make payments in amounts sufficient to pay the interest semi-annually with principal payable upon maturity.

United is not permitted under the Bankruptcy Code to make payments on unsecured pre-petition debt without providing notice to its creditors and receiving the approval of the Bankruptcy Court. As United has been advised its municipal bonds are unsecured (or in

certain instances, partially secured) pre-petition debt, United cannot make payments thereon without first meeting the requirements outlined above. Accordingly, the Company has classified all of its municipal bonds as liabilities subject to compromise.

Section 365 of the Bankruptcy Code requires that the Company timely perform all of its post-petition obligations under unexpired leases of non-residential real property. The Company believes that it is in compliance with all payment obligations under its lease agreements relating to those airports where it has municipal bonds outstanding. Under certain of the airport lease agreements, however, the Company may be considered in default due to the non-payment of the debt and therefore subject to the default provisions of the lease agreements with the airports. Possible consequences could include loss of the Company's status as a signatory airline (resulting in increased rents and landing fees) and loss of the Company's exclusive space agreement.

The Company did not make the debt service payments due March 1, 2003 of approximately $3.2 million on its Chicago O'Hare Series 1999A Bonds and of approximately $1.0 million on its Miami-Dade Series 2000 Bonds. Additionally, the Company does not intend to make debt service payments or any other payment due on or after April 1, 2003 on any of the municipal bond issuances, which include those referenced above, issued on behalf of the Company and relating to domestic airport financings.

The Company filed a Complaint Of Debtor For Declaratory Judgment with the Bankruptcy Court on February 28, 2003 and entered into a Standstill Agreement with the City of Chicago to seek clarification of its obligations under the municipal bonds and to protect its rights under its airport lease agreement at Chicago's O'Hare International Airport until the Bankruptcy Court decides the merits of the complaint.

On March 21, 2003, the Company filed other Complaints of Debtor for Declaratory Judgment and, in connection therewith, corresponding Motions for Temporary Restraining Order with respect to the municipal bonds issuances relating to the facilities at the Denver International Airport, the New York City - John F. Kennedy International Airport, the San Francisco International Airport, and the Los Angeles International Airport, each seeking a clarification of the Company's obligations under the applicable municipal bonds, and the protection of its rights under its underlying airport lease agreements at the applicable airport until the Bankruptcy Court decides the merits of each of the above complaints. On March 27, the Bankruptcy Court conducted a hearing on this issue. At that time, the Court continued the hearing until March 31, 2003 and the parties are attempting to negotiate an order that would protect the Company's rights under its leases by requiring the lessors to give additional notice of certain alleged defaults. The Company is unable to predict what, if any, action might be taken in the future by either the bondholders or the airport authorities as a result of its failure to pay these obligations as contractually required.

Airport Rents and Landing Fees -

United is charged facility rents and/or landing fees at every airport at which it operates. In recent years, many airports have increased or sought to increase rates charged to airlines as a means of compensating for increased demands upon airport revenues. Airlines have challenged certain of these increases through litigation and, in some cases, have not been successful. However, to the extent the limitations on such charges are relaxed or the ability of airlines to challenge such charges is restricted, the rates charged by airports may increase substantially. Management cannot predict either the likelihood or the magnitude of any such increase.

Environmental and Legal Contingencies -

United has been named as a Potentially Responsible Party at certain Environmental Protection Agency or State Environmental Protection Agency ("EPA or State EPA") cleanup sites which have been designated as Superfund Sites. United's alleged proportionate contributions at the sites are minimal; however, at sites where the EPA or State EPA have commenced litigation or administrative proceedings, potential liability is joint and several. Additionally, United has participated and is participating in remediation actions at certain other sites, primarily airports. The estimated cost of these actions is accrued when it is determined that it is probable that United is liable. Environmental regulations and remediation processes are subject to future change, and determining the actual cost of remediation will require further investigation and additional progress of the remediation. Therefore, the ultimate disposition cannot be determined at this time. However, while such cost may vary from United's current estimate, United believes the difference between its accrued reserve and the ultimate liability will not be material.

UAL has certain other contingencies resulting from the above environmental actions and other litigation and claims incident to the ordinary course of business. Management believes, after considering a number of factors, including (but not limited to) the views of legal counsel, the nature of such contingencies and prior experience, that the ultimate disposition of these contingencies is not likely to materially affect UAL's financial condition, operating results or liquidity.

As a result of the Chapter 11 Filing, as of the Petition Date, virtually all pending litigation is stayed, and absent further order of the Bankruptcy Court, no party, subject to certain exceptions, may take any action, again subject to certain exceptions, to recover on pre-petition claims against the Debtors.

Sunset -

In connection with the July 1994 recapitalization, certain employees of United were granted an approximate 55% equity and voting interest in UAL in exchange for wage concessions and work-rule changes. In addition, the Company's stockholders approved an elaborate governance structure as described in Item 1. Business, "Corporate Governance and the ESOPs." Under the recapitalization, the governance structure remained in place and employees maintained 55% of the aggregate voting power until "Sunset." Sunset occurred on March 7, 2003, resulting in the elimination of the 55% voting power of the employees, among other things. (See Note 16, "ESOP Preferred Stock" and Note 19, "Employee Stock Ownership Plans" in the Notes to Consolidated Financial Statements, as well as Item 1. Business, "Corporate Governance and the ESOPs; Sunset.")

Outstanding Income Tax Claims -

The Company has income tax refund claims ("Refund") against the Internal Revenue Service ("IRS") of $126 million resulting from tax overpayments attributable to the six years 1988 to 1993 as well as $262 million resulting from a 2002 net operating loss that has been carried back to and generates a refund for taxes paid in 1998 and 1999. However, the U.S. Department of Justice ("DOJ") had

imposed an "administrative freeze" that prohibited the IRS from remitting any of the $388 million to the Company. The DOJ action was in response to the Company's bankruptcy filing and was based on alleged claims of the U.S. government that might be subject to setoff against the Refund. After discussions with the DOJ, the Company reached an agreement with the government to lift the freeze and permit the IRS to process and remit approximately $365 million of the Refund. On March 27, 2003, the Bankruptcy Court approved the settlement and the Company anticipates receiving the funds shortly.

Critical Accounting Policies -

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties and potentially result in materially different results under different assumptions and conditions. UAL has prepared the accompanying financial statements in conformity with generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates under different assumptions or conditions. The Company has identified the following critical accounting policies utilized in the preparation of these financial statements.

Accounting for Long-Lived Assets. The Company has approximately $16 billion in operating property and equipment at December 31, 2002. In addition to the original cost of these assets, their recorded value is impacted by a number of policy elections made by the Company, including the estimation of useful lives, residual values and in 2001, impairment charges.

The Company records aircraft at acquisition cost, upon delivery. Depreciable life is determined by using economic analysis, reviewing existing fleet plans, and comparing estimated lives to other airlines operating similar fleets. Older generation aircraft are assigned lives of 25 years which is consistent with the experience of United and other airlines. As aircraft technology has improved, useful life has increased. Thus, the Company has estimated the lives of "new generation" aircraft to be 30 years. Residual values are estimated based on the Company's historical experience with regards to the sale of both aircraft and spare parts and are established in conjunction with the estimated useful lives of the aircraft. Residual values are based on current dollars when the aircraft are acquired and typically reflect asset values that have not reached the end of their physical life. Both depreciable lives and residual values are revised periodically to recognize changes in the Company's fleet plans and changes in conditions.

The Company recognizes an impairment charge when an asset's carrying value exceeds its net undiscounted future cash flows and its fair market value. The amount of the charge is the difference between the asset's carrying value and fair market value. Typically, management estimates the undiscounted future cash flows for its aircraft fleet with models used by the Company in making fleet and scheduling decisions. These models utilize the Company's projections of passenger yield, fuel costs, labor costs and other relevant factors for the markets where the specific aircraft will operate.

In 2001, the Company recorded an impairment charge of $517 million for the B737-500 and B747-400 aircraft fleets resulting from the anticipated decrease in future cash flows in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." (See Note 3, "Special Charges" in the Notes to Consolidated Financial Statements.) In the fourth quarter of 2002, the Company evaluated its fleet in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Utilizing the Company's current cash flow projections, based on the proposed CBA modifications and other cost savings as discussed above in "Plan for Transformation" and "Labor Agreements," and current appraisals of aircraft value, management determined that no further impairment was necessary.

See Note 2(f), "Summary of Significant Accounting Policies - Operating Property and Equipment" in the Notes to Consolidated Financial Statements for additional information regarding United's policies on accounting for long-lived assets.

Frequent Flyer Accounting. United's Mileage Plus frequent flyer program awards miles to passengers who fly on United, United Express, the Star Alliance carriers and certain other airlines that participate in the program. Additionally, United sells mileage credits to participating airline partners in the Mileage Plus program and ULS sells mileage credits to non-airline business partners. In either case, the outstanding miles may be redeemed for travel on any airline that participates in the program. The Company has an obligation to provide this future travel; therefore, for awards to passengers redeeming on United, United Express or one of the Mileage Plus partners, the Company recognizes a liability and corresponding expense for this future obligation. For miles sold to third parties, a portion of revenue from the sale of mileage is deferred and recognized when the transportation is provided.

At December 31, 2002, United's estimated outstanding number of awards was approximately 10.5 million, as compared with 11.1 million at the end of the prior year. United estimates approximately 8.6 million of these awards will ultimately be redeemed and, accordingly, the Company has recorded a liability of $717 million, which includes the deferred revenue from the sale of miles to program participants. The Company utilizes a number of estimates in accounting for its Mileage Plus program that require management judgment.

Members may not reach the threshold necessary for a free ticket and outstanding miles may not always be redeemed for free travel. Therefore, the Company estimates how many miles will never be used and excludes those miles from its estimate of the liability. Based on historical data, the difference between the awards expected to be redeemed and the total awards outstanding arises because: (1) some awards will never be redeemed, (2) some will be redeemed for non-travel benefits, and (3) some will be redeemed on partner carriers. The Company also estimates the number of miles that will be used per award. If actual miles used are more or less than estimated, the Company must adjust its liability and corresponding expense.

When a travel award level is attained, the Company records a liability for the estimated incremental costs of providing travel, based on expected redemptions. United's incremental costs include the additional costs of providing service to the award recipient, such as fuel, meals, insurance and ticketing costs, for what would otherwise be a vacant seat. The incremental costs do not include any contribution to overhead or profit. A change to these cost estimates could have a significant impact on the Company's liability in the year of change as well as in future years.

In each of 2002, 2001 and 2000, 2.0 million Mileage Plus travel awards were used on United. This number represents the number of awards for which travel was actually provided in 2002 and not the number of seats that were allocated to award travel. These awards represented 7.8% of United's total revenue passenger miles in 2002, 8.1% in 2001, and 7.2% in 2000. Passenger preference for Saver awards, which have inventory controls, keeps displacement of revenue passengers at a minimum. Total miles redeemed for travel on United in 2002, including awards and upgrades, represented 59% of the total miles redeemed, of which 70% were used for travel within the U.S. and Canada. In addition to the awards issued for travel on United, approximately 24% of the total miles redeemed in 2002 were used for travel on partner airlines.

As the Company also sells mileage credits to participating airline and non-airline partners, a change to either the time period over which the credits are used or the estimate of the number or fair value of tickets could have a significant impact on the Company's revenues in the year of change as well as future years. Additional information regarding the Mileage Plus frequent flyer program is included in Note 2(g), "Summary of Significant Accounting Policies - - Mileage Plus Awards" in the Notes to Consolidated Financial Statements.

Pension Benefits. The Company accounts for pension benefits using SFAS No. 87, "Employers' Accounting for Pensions" ("SFAS No. 87.") Under SFAS No. 87, pension expense is recognized on an accrual basis over employees' approximate service periods and is generally calculated independent of funding decisions or requirements. Detailed information regarding the Company's pension plans are included in Note 20, "Retirement and Postretirement Plans" in the Notes to Consolidated Financial Statements. The Company's future funding requirements are discussed in "Liquidity and Capital Resources" above.

The calculation of pension expense and pension obligations requires the use of a number of assumptions, including the assumed discount rate and the expected return on plan assets. The fair value of plan assets decreased from $7.6 billion at December 31, 2001 to $6.3 billion at December 31, 2002. Lower investment returns, higher benefit payments due to recent labor contract amendments and declining discount rates have increased the difference between the plans' fair value and accumulated benefit obligations from $1.3 billion at December 31, 2001 to $4.7 billion at December 31, 2002.

The Company utilized a discount rate of 6.75% at December 31, 2002, compared to 7.5% at December 31, 2001 and 7.75% at December 31, 2000. The discount rate is based on the Moody's Aa bond index as of December 31, 2002, adjusted for the duration of United's pension obligations. Duration is a commonly used measure of interest rate risk that either assumes that yield changes do not change the expected cash flows ("modified duration") or assumes that expected cash flows may change given the fact that the yield changes ("effective duration"). Since United's pension obligations are generally not satisfied in a single lump sum distribution, management, with assistance from its actuary, used the modified duration methodology to determine an acceptable discount rate by matching the expected cash outflows of United's pension obligations against available bonds with appropriate maturities.

The Company assumed an expected rate of return on plan assets of 9.0% at December 31, 2002 compared to 9.75% used at December 31, 2001 and 2000. The expected return on plan assets is based on an evaluation of the historical behavior of the broad financial markets and the Company's investment portfolio and taking into consideration input from the plans' investment consultant and actuary regarding expected long-term market conditions and investment management performance. The expected long-term rate of return on plan assets is based on a target allocation of assets to the following fund types: 60% equities, 35% fixed income and 5% other with expected long-term rates of return of 11%, 6.5% and 13%, respectively.

The Company believes that the long-term asset allocation on average will approximate the targeted allocation and regularly reviews the actual asset allocation to periodically rebalance the investments to the targeted allocation when appropriate. Pension expense is reduced by the expected return on plan assets, which is measured by assuming the market-related value of plan assets increases at the expected rate of return. The market-related value is a calculated value that phases in differences between the expected rate of return and the actual return over a period of five years.

Actuarial gains or losses are triggered by changes in assumptions or experience that differ from the original assumptions. Under SFAS No. 87, those gains and losses are not required to be recognized currently as pension expense, but instead may be deferred. If the unrecognized net gain or loss exceeds 10% of the greater of the projected benefit obligations and the market-related value of plan assets, the amount outside the 10% corridor is subject to amortization over the average remaining service life of the covered active employees. At December 31, 2002, the Company had unrecognized actuarial losses of $4.5 billion. The recognition of these losses is expected to increase pension expense by approximately $75 million, $108 million and $157 million in 2003, 2004 and 2005, respectively. Additionally, the Company had unrecognized prior service costs from past benefit improvements of $1.2 billion, which will be amortized as a component of pension expense over the average remaining service life of the covered active employees. The recognition of these costs is expected to increase pension expense by approximately $91 million in each of 2003, 2004 and 2005.

Valuation Allowance for Deferred Tax Assets. The Company initially recorded a tax valuation allowance against its deferred tax assets in the third quarter of 2002. In recording the valuation allowance, management considered whether it was more likely than not that some or all of the deferred tax assets would be realized. This analysis included consideration of scheduled reversals of deferred tax liabilities, projected future taxable income, carryback potential and tax planning strategies, in accordance with SFAS No. 109, "Accounting for Income Taxes." At December 31, 2002, the Company had recorded a tax valuation allowance of $1.2 billion against its deferred tax assets. See also Note 7, "Income Taxes" in the Notes to Consolidated Financial Statements for additional information.

New Accounting Pronouncements -

In June 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 146, "Accounting for Costs Associated with Disposal or Exit Activities" ("SFAS No. 146"). SFAS No. 146 requires that liabilities for costs associated with exit or disposal activities be recognized when the liabilities are incurred, rather than when an entity commits to an exit plan. The Company adopted SFAS No. 146 on January 1, 2003. The new rules will change the timing of liability and expense recognition related to exit or disposal activities, but not the ultimate amount of such expenses.

In November 2002, the FASB issued Interpretation 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. FIN 45 also expands the disclosures required to be made by a guarantor about its obligations under certain guarantees that it has issued. Initial recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified. The disclosure requirements are effective immediately and are provided in Note 21, "Commitments, Contingent Liabilities and Uncertainties" in the Notes to Consolidated Financial Statements. The Company does not expect FIN 45 to have a material effect on its results of operations.

In January 2003, the FASB issued Interpretation 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 requires the consolidation of variable interest entities ("VIEs"), as defined. FIN 46 applies to VIEs created after January 31, 2003. The related disclosure requirements are effective immediately and are provided in Note 21, "Commitments, Contingent Liabilities and Uncertainties" in the Notes to Consolidated Financial Statements. The Company is still evaluating the impact of FIN 46 on its financial statements.

Outlook for 2003 -

The threat of war with Iraq and subsequent initiation of hostilities has resulted in a significant decline in revenues for the first quarter and the immediate future. Passenger unit revenue for January and February 2003 has declined 6% and 11%, respectively, as compared to the same months of 2002 and future international bookings in particular, have dropped significantly from the same period last year. UAL currently expects to report an operating loss of approximately $900 million for the first quarter of 2003.

United's near-term revenue forecast has deteriorated significantly from recent projections, as the threat of war became a reality. In recent weeks, the Company has experienced declines in fuel prices, but due to continued volatility in the market place, is unable to predict what impact, if any, the war with Iraq will have on fuel prices in the future. As fuel is a significant expense to United, changes in fuel price could have a significant impact on the Company's results of operations.

With the initiation of military action between the U.S. and Iraq on March 19, the Company immediately began the implementation of its contingency plan, which involved reducing the schedule by an additional 8% effective April 6, 2003 and the implementation of associated reductions in employment levels through placing a portion of its employees on temporary unpaid leave.

The Company, in participation with the ATA and other airlines, is in discussions with the U.S. government regarding the need for financial relief for the industry. Although the Company will continue to pursue relief from the government and other sources, given the uncertain situation, further temporary reductions in employee compensation may be necessary in the future.

The Company's existing fuel hedges were terminated December 9, 2002 by the counterparties, as the Company's bankruptcy filing constituted an event of default under the contracts. The terms of the DIP Financing limit United's ability to post collateral in connection with fuel hedging. Notwithstanding the above, as market conditions and its economic outlook change, the Company continually evaluates the potential economic benefit of entering into fuel hedging arrangements.

Certain statements included in the above "Outlook" paragraphs, as well as elsewhere throughout Management's Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking and thus reflect the Company's current expectations and beliefs with respect to certain current and future events and financial performance. Such forward-looking statements are and will be, as the case may be, subject to many risks and uncertainties relating to the operations and business environments of the Company that may cause actual results to differ materially from any future results expressed or implied in such forward-looking statements. Factors that could significantly affect net earnings, revenues, expenses, unit costs, fuel, load factor and capacity include, without limitation, the following: the Company's ability to continue as a going concern; the Company's ability to operate pursuant to the terms of the DIP Financing; the Company's ability to obtain court approval with respect to motions in the Chapter 11 proceeding prosecuted by it from time to time; the Company's ability to develop, prosecute, confirm and consummate one or more plans of reorganization with respect to the Chapter 11 cases; risks associated with third parties seeking and obtaining court approval to terminate or shorten the exclusivity period for the Company to propose and confirm one or more plans of reorganization, for the appointment of a Chapter 11 trustee or to convert the cases to Chapter 7 cases; the Company's ability to achieve necessary reductions in labor costs; the Company's ability to obtain and maintain normal terms with vendors and service providers; the Company's ability to maintain contracts that are critical to its operations; the potential adverse impact of the Chapter 11 cases on the Company's liquidity or results of operations; the costs and availability of financing; the Company's ability to execute its business plan; the Company's ability to attract, motivate and/or retain key employees; the Company's ability to attract and retain customers; demand for transportation in the markets in which the Company operates; general economic conditions; the effects of the war in Iraq and any other hostilities or act of war (in the Middle East or elsewhere) or any terrorist attack; the ability of other air carriers with whom the Company has alliances or partnerships to provide the services contemplated by the respective arrangements with such carriers; the costs and availability of aircraft insurance; the costs of aviation fuel; the costs associated with existing or future security measures and practices; competitive pressures on pricing (particularly from lower-cost competitors); government legislation and regulation; consumer perceptions of the Company's products; weather conditions; and other risks and uncertainties set forth from time to time in UAL's reports to the United States Securities and Exchange Commission. Consequently, the forward-looking statements should not be regarded as representations or warranties by the Company that such matters will be realized. The Company disclaims any intent or obligation to update or revise any of the forward-looking statements, whether in response to new information, unforeseen events, changed circumstances or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk - United's exposure to market risk associated with changes in interest rates relates primarily to its debt obligations and short-term investments. United does not use derivative financial instruments in its investments portfolio. United's policy is to manage interest rate risk through a combination of fixed and floating rate debt and entering into swap agreements,

depending upon market conditions. A portion of the borrowings are denominated in foreign currencies which exposes the Company to risks associated with changes in foreign exchange rates. To hedge against some of this risk, the Company has placed foreign currency deposits (primarily for Japanese yen and euros) to meet foreign currency lease obligations designated in the respective currencies. Since unrealized mark-to-market gains or losses on the foreign currency deposits are offset by the losses or gains on the foreign currency obligations, the Company reduces its overall exposure to foreign currency exchange rate volatility. The fair value of these deposits is determined based on the present value of future cash flows using an appropriate swap rate. The fair value of long-term debt is based on the quoted market prices for the same or similar issues or the present value of future cash flows using a U.S. Treasury rate that matches the remaining life of the instrument, adjusted by a credit spread.

(In millions)	Expected Maturity Dates						2002		2001	
	2003	2004	2005	2006	2007	Thereafter	Total	Fair Value	Total	Fair Value
ASSETS										
Cash equivalents										
Fixed rate	$ 856	$ -	$ -	$ -	$ -	$ -	$ 856	$ 856	$1,647	$1,647
Avg. interest rate	1.36%	-	-	-	-	-	1.36%		2.21%	
Variable rate	$ 30	$ -	$ -	$ -	$ -	$ -	$ 30	$ 30	$ 41	$ 41
Avg. interest rate	2.07%	-	-	-	-	-	2.07%		2.28%	
Short term investments										
Fixed rate	$ 110	$ -	$ -	$ -	$ -	$ -	$ 110	$ 110	$ 742	$ 742
Avg. interest rate	6.50%	-	-	-	-	-	6.50%		5.09%	
Variable rate	$ 278	$ -	$ -	$ -	$ -	$ -	$ 278	$ 278	$ 198	$ 198
Avg. interest rate	1.81%	-	-	-	-	-	1.81%		2.53%	
Lease deposits										
Fixed rate - yen deposits	$ -	$ -	$ -	$ -	$ 64	$ 293	$ 357	$ 419	$ 314	$ 361
Avg. interest rate	-	-	-	-	3.25%	3.01%	3.06%		3.06%	
Fixed rate - FF deposits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10	$ 10
Avg. interest rate	-	-	-	-	-	-	-		5.61%	
Fixed rate - DM deposits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 304	$ 329
Avg. interest rate	-	-	-	-	-	-	-		6.73%	
Fixed rate - EUR deposits	$ 2	$ 2	$ 2	$ 2	$ 60	$ 337	$ 405	$ 480	$ 26	$ 25
Avg. interest rate	4.56%	4.59%	4.63%	4.66%	6.58%	5.56%	5.61%		4.14%	
Fixed rate- USD deposits	$ -	$ -	$ -	$ -	$ -	$ 14	$ 14	$ 16	$ 13	$ 15
Avg. interest rate	-	-	-	-	-	6.49%	6.49%		6.49%	
LONG-TERM DEBT										
U. S. Dollar denominated										
Fixed rate debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$5,101	$4,273
Avg. interest rate	-	-	-	-	-	-	-	-	7.58%	
Variable rate debt	$ -	$700	$ -	$ -	$ -	$ -	$700	$700	$2,746	$2,591
Avg. interest rate	-	7.75%	-	-	-	-	7.75%		3.37%	

	December 31, 2002		
(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value (Pay)/Receive
Interest rate swap	$ 130	7.56%	$ (27)

	December 31, 2001		
(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value (Pay)/Receive[2]
Interest rate swap	$ 135	7.86%	$ (17)

Foreign Currency Risk - - United has established a foreign currency hedging program using currency forwards and options (purchasing put options and selling correlation options) to hedge exposure to the Japanese yen, Hong Kong dollar, Canadian dollar, British pound, Australian dollar and the euro. The goal of the hedging program is to effectively manage risk associated with fluctuations in the value of the foreign currency, thereby making financial results more stable and predictable. United does not use currency forwards or currency options for trading purposes. As of December 31, 2002, United had no outstanding currency hedges.

December 31, 2001

(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
Forward exchange contracts			(Pay)/Receive[2]
Japanese Yen - Purchased forwards	$ 115	126.60	$ (4)
- Sold forwards	$ 58	130.90	$ -
French Franc - Purchased forwards	$ 50	5.05	$ (6)
Euro - Purchased forwards	$ 152	1.27	$ (16)

Price Risk (Aircraft Fuel) - When market conditions indicate risk reduction is achievable, United enters into fuel option contracts to reduce its price risk exposure to jet fuel. The option contracts are designed to provide protection against sharp increases in the price of aircraft fuel. As market conditions change, so may United's hedging program. As a result of the bankruptcy filing, all fuel hedges were terminated by the respective counterparties.

	December 31, 2001		
(In millions, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
			(Pay)/Receive[2]
Purchased forward contracts - Crude oil	$ 201	$ 23.96/bbl	$ (28)
Purchased forward contracts - Heating oil	$ 120	$ 27.16/bbl	$ (17)

[2] Estimated fair values represent the amount United would pay/receive on December 31, 2002 or December 31, 2001 to terminate the contracts.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORTS

To the Board of Directors and Stockholders of
UAL Corporation
Elk Grove Township, Illinois

We have audited the accompanying consolidated statement of financial position of UAL Corporation (Debtor-in-Possession) and subsidiaries as of December 31, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. Our audit also included the financial statement schedule listed in the Index at Item 15(a)2 for the year ended December 31, 2002. These consolidated financial statements ("financial statements") and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit. The financial statements of the Company and financial statement schedule listed in the Index at Item 15(a)2 for the years ended December 31, 2001 and 2000, before the change in composition of its reportable segments and inclusion of disclosures as discussed in Note 23 and Note 2(k), respectively, were audited by other auditors who have ceased operations. Those auditors, expressed an unqualified opinion on those financial statements and financial statement schedule in their report dated February 20, 2002, and included an explanatory paragraph that described a change in accounting principle for the measurement of redeemable preferred ESOP stock and change in accounting principles for revenue recognition.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 2002 financial statements present fairly, in all material respects, the financial position of UAL Corporation (Debtor-in-Possession) and subsidiaries as of December 31, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the 2002 financial statement schedule, when considered in relation to the basic 2002 financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1, the Company has filed for reorganization under Chapter 11 of the United States Bankruptcy Code. The accompanying financial statements do not purport to reflect or provide for the consequences of the bankruptcy proceedings. In particular, such financial statements do not purport to show (a) as to assets, their realizable value on a liquidation basis or their availability to satisfy liabilities; (b) as to prepetition liabilities, the amounts that may be allowed for claims or contingencies, or the status and priority thereof; (c) as to stockholder accounts, the effect of any changes that may be made in the capitalization of the Company; or (d) as to operations, the effect of any changes that may be made in its business.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, as a result of the bankruptcy filing, realization of assets and satisfaction of liabilities, without substantial adjustments and/or changes in ownership, are subject to uncertainty and raise substantial doubt about the Company's ability to continue as a going

concern. Management's plan concerning these matters is also discussed in Note 1. The financial statements do not include adjustments that might result from the outcome of this uncertainty.

As discussed above, the financial statements as of and for the years ended December 31, 2001 and 2000 were audited by other auditors who have ceased operations. As described in Note 23, the Company changed the composition of its reportable segments in 2002, and the amounts in the 2001 and 2000 financial statements relating to reportable segments have been restated to conform to the 2002 composition of reportable segments. We audited the adjustments that were applied to restate the disclosures for reportable segments reflected in the 2001 and 2000 financial statements. Our procedures included (i) comparing the adjusted amounts to the Company's underlying records obtained from management, and (ii) testing the mathematical accuracy of the reconciliations of segment amounts to the financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 financial statements of the Company other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2001 and 2000 financial statements taken as a whole.

As described in Note 2(k), these financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 2(k) with respect to 2001 and 2000 included (*a*) agreeing the previously reported net earnings (loss) to the previously issued financial statements and the adjustments to reported net earnings (loss) representing amortization expense (including any related tax effects) recognized in those periods related to intangible assets that are no longer being amortized to the Company's underlying records obtained from management, and (*b*) testing the mathematical accuracy of the reconciliation of adjusted net earnings (loss) to reported net earnings (loss), and the related earnings (loss) per share amounts. In our opinion, the disclosures for 2001 and 2000 in Note 2(k) are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 and 2000 financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Chicago, Illinois
March 20, 2003

To the Stockholders and
Board of Directors, UAL Corporation:

We have audited the accompanying statements of consolidated financial position of UAL Corporation (a Delaware corporation) and subsidiary companies as of December 31, 2001 and 2000, and the related statements of consolidated operations, consolidated cash flows and consolidated stockholders' equity for each of the three years in the period ended December 31, 2001. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UAL Corporation and subsidiary companies as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

As explained in Note 1(b) of the Notes to Consolidated Financial Statements, effective January 1, 2001, the Company changed its accounting principles for the measurement of redeemable preferred ESOP stock as a result of the adoption of Topic D-98 "Classification and Measurement of Redeemable Securities" and effective January 1, 2000, the Company changed certain of its accounting principles for revenue recognition as a result of the adoption of Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements."

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule referenced in Item 14(a) 2 herein is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP (1)

Chicago, Illinois
February 20, 2002

(1) This report is a copy of the previously issued report covering 2001, 2000 and 1999. The predecessor auditors have not reissued their report.

UAL Corporation and Subsidiary Companies
(Debtor and Debtor-In-Possession)
Statements of Consolidated Operations
(In millions, except per share)

	Year Ended December 31		
Operating revenues:	2002	2001	2000
Passenger	$ 11,872	$ 13,788	$ 16,932
Cargo	673	704	931
Other operating revenues	1,741	1,646	1,489
	14,286	16,138	19,352
Operating expenses:			
Salaries and related costs	7,029	7,080	6,877
Aircraft fuel	1,921	2,476	2,511
Commissions	416	710	1,025
Purchased services	1,411	1,650	1,711
Aircraft rent	851	827	888
Landing fees and other rent	1,021	1,009	959
Depreciation and amortization	960	1,026	988
Aircraft maintenance	560	701	698
Cost of sales	1,240	1,280	1,061
Other operating expenses	1,565	1,722	1,841
Special charges	149	1,428	139
	17,123	19,909	18,698
Earnings (loss) from operations	(2,837)	(3,771)	654
Other income (expense):			
Interest expense	(590)	(525)	(402)
Interest capitalized	25	79	77
Interest income	60	105	101
Equity in earnings (losses) of affiliates	(7)	(23)	(12)
Gain on sale of investments	46	261	109
Non-operating special charges	-	(49)	(61)
Airline stabilization grant	130	652	-
Reorganization items, net	(10)	-	-
Miscellaneous, net	(22)	(86)	(35)
	(368)	414	(223)
Earnings (loss) before income taxes, distributions on preferred securities, extraordinary item and cumulative effect	(3,205)	(3,357)	431
Provision (credit) for income taxes	-	(1,226)	160
Earnings (loss) before distributions on preferred securities, extraordinary item and cumulative effect	(3,205)	(2,131)	271
Distributions on preferred securities, net of tax	(7)	(6)	(6)
Earnings (loss) before extraordinary item and cumulative effect	(3,212)	(2,137)	265
Extraordinary loss on early extinguishment of debt, net of tax	-	-	(6)
Cumulative effect of accounting change, net of tax	-	(8)	(209)
Net earnings (loss)	$ (3,212)	$(2,145)	$ 50
Per share, basic:			
Earnings (loss) before extraordinary item and cumulative effect	$ (53.55)	$ (39.90)	$ 2.02
Extraordinary loss on early extinguishment of debt, net of tax	-	-	(0.05)
Cumulative effect of accounting change, net of tax	-	(0.14)	(1.93)
Net earnings (loss)	$ (53.55)	$ (40.04)	$ 0.04
Per share, diluted:			
Earnings (loss) before extraordinary item and cumulative effect	$ (53.55)	$ (39.90)	$ 1.89
Extraordinary loss on early extinguishment of debt, net of tax	-	-	(0.06)
Cumulative effect of accounting change, net of tax	-	(0.14)	(1.79)
Net earnings (loss)	$ (53.55)	$ (40.04)	$ 0.04

See accompanying Notes to Consolidated Financial Statements.

UAL Corporation and Subsidiary Companies
(Debtor and Debtor-In-Possession)
Statements of Consolidated Financial Position
(In millions)

Assets	December 31 2002	2001
Current assets:		
Cash and cash equivalents	$ 886	$ 1,688
Restricted cash	462	-
Short-term investments	388	940
Receivables, less allowance for doubtful accounts (2002 - $29; 2001 - $30)	788	1,047
Aircraft fuel, spare parts and supplies, less obsolescence allowance (2002 - $57; 2001 - $70)	310	329
Income tax receivables	326	174
Deferred income taxes	-	272
Prepaid expenses and other	219	636
	3,379	5,086
Operating property and equipment:		
Owned -		
Flight equipment	15,533	14,745
Advances on flight equipment	173	566
Other property and equipment	3,882	3,919
	19,588	19,230
Less - Accumulated depreciation and amortization	5,306	4,716
	14,282	14,514
Capital leases -		
Flight equipment	2,489	2,667
Other property and equipment	84	99
	2,573	2,766
Less - Accumulated amortization	494	472
	2,079	2,294
	16,361	16,808
Other assets:		
Long-term restricted cash	116	-
Investments	124	278
Intangibles, less accumulated amortization (2002 - $347; 2001 - $333)	412	422
Pension assets	1,162	562
Aircraft lease deposits	776	667
Prepaid rent	408	374
Deferred income taxes	-	97
Other	918	903
	3,916	3,303
	$ 23,656	$ 25,197

See accompanying Notes to Consolidated Financial Statements.

Liabilities and Stockholders' Equity	December 31 2002	2001
Current liabilities:		
Notes payable	$ -	$ 133
Long-term debt maturing within one year	-	1,217
Current obligations under capital leases	-	237
Advance ticket sales	1,021	1,183
Accounts payable	284	1,268
Accrued salaries, wages and benefits	1,496	1,227
Accrued aircraft rent	-	903
Other accrued liabilities	1,190	1,898
	3,991	8,066
Long-term debt	700	6,622
Long-term obligations under capital leases	-	1,943
Other liabilities and deferred credits:		
Deferred pension liability	4,661	1,241
Postretirement benefit liability	1,809	1,690
Deferred gains	-	827
Accrued aircraft rent	-	551
Deferred income taxes	249	-
Other	894	1,049
	7,613	5,358
Liabilities subject to compromise (Note 10)	13,833	-
Commitments and contingent liabilities (Note 21)		
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	-	98
Preferred stock committed to Supplemental ESOP	2	77
Stockholders' equity:		
Serial preferred stock (Note 15)	-	-
ESOP preferred stock (Note 16)	-	-
Common stock at par, $0.01 par value; authorized 200,000,000 shares; issued 98,470,381 shares at December 31, 2002 and 71,266,547 shares at December 31, 2001	1	1
Additional capital invested	5,070	4,995
Retained deficit	(3,417)	(199)
Stock held in treasury, at cost - -		
Preferred, 10,213,519 depositary shares at December 31, 2002 and 2001 (Note 15)	(305)	(305)
Common, 16,102,418 shares at December 31, 2002 and 16,282,369 shares at December 31, 2001	(1,167)	(1,180)
Accumulated other comprehensive loss	(2,663)	(275)
Other	(2)	(4)
	(2,483)	3,033
	$ 23,656	$ 25,197

See accompanying Notes to Consolidated Financial Statements.

UAL Corporation and Subsidiary Companies
(Debtor and Debtor-In-Possession)
Statements of Consolidated Cash Flows
(In millions)

	Year Ended December 31 2002	2001	2000
Cash and cash equivalents at beginning of year	$ 1,688	$ 1,679	$ 310

Cash flows from (utilized by) operating activities:			
Net earnings (loss)	(3,212)	(2,145)	50
Adjustments to reconcile to net cash provided by operating activities -			
Reorganization items	10	-	-
ESOP compensation expense	-	-	147
Cumulative effect of accounting change, net of tax	-	8	209
Extraordinary loss on debt extinguishment, net of tax	-	-	6
Gain on sale of investments	(46)	(261)	(109)
Investment impairment	-	-	61
Pension funding less than (greater than) expense	451	391	(21)
Deferred postretirement benefit expense	339	214	153
Depreciation and amortization	970	1,932	1,058
Provision (credit) for deferred income taxes	665	(1,144)	317
Undistributed (earnings) losses of affiliates	8	30	13
Decrease (increase) in receivables	262	165	68
Decrease (increase) in other current assets	130	170	(208)
Increase (decrease) in advance ticket sales	(162)	(271)	42
Increase (decrease) in accrued income taxes	(85)	(60)	(77)
Increase (decrease) in accounts payable and accrued liabilities	(704)	589	761
Amortization of deferred gains	(64)	(66)	(66)
Other, net	299	288	68
	(1,139)	(160)	2,472
Cash flows from (utilized by) investing activities:			
Additions to property and equipment	(157)	(1,951)	(2,538)
Proceeds on disposition of property and equipment	364	178	324
Proceeds on sale of investments	137	259	147
Acquisition of MyPoints.com, net of cash acquired (Note 24)	-	(32)	-
Decrease (increase) in short-term investments	552	(275)	(286)
Increase in restricted cash	(578)	-	-
Other, net	(247)	(148)	(168)
	71	(1,969)	(2,521)
Cash flows from financing activities:			
Repurchase of common stock	-	-	(81)
Proceeds from issuance of long-term debt	950	2,485	2,515
Proceeds from DIP lenders	700	-	-
Repayment of long-term debt	(1,338)	(176)	(441)
Principal payments under capital leases	(220)	(289)	(283)
Purchase of equipment certificates under Company leases	-	-	(208)
Decrease in equipment certificates under Company leases	296	33	228
Increase (decrease) in short-term borrowings	(133)	133	(61)
Cash dividends	(7)	(88)	(118)
Other, net	18	40	(133)
	266	2,138	1,418
Increase (decrease) in cash and cash equivalents during the year	(802)	9	1,369
Cash and cash equivalents at end of year	$ 886	$ 1,688	$ 1,679

See accompanying Notes to Consolidated Financial Statements.

UAL Corporation and Subsidiary Companies
(Debtor and Debtor-In-Possession)
Statements of Consolidated Stockholders' Equity
(In millions, except per share)

				Unearned		Accumulated		
		Additional	Retained	ESOP		Other		
Preferred	Common	Capital	Earnings	Preferred	Treasury	Comp.		
Stock	Stock	Invested	(Deficit)	Stock	Stock	Income	Other	Total

Balance at December 31, 1999	$ -	$ 1	$ 4,038	$ 2,138	$ (28)	$(1,402)	$ 352	$ (9)	$ 5,090
Year ended December 31, 2000:									
Net earnings	-	-	-	50	-	-	-	-	50
Other comprehensive income, net:									
Unrealized losses on securities, net	-	-	-	-	-	-	(196)	-	(196)
Minimum pension liability adj.	-	-	-	-	-	-	(4)	-	(4)
Total comprehensive income	-	-	-	50	-	-	(200)	-	(150)
Cash dividends on preferred									
stock ($1.44 per Series B share)	-	-	-	(10)	-	-	-	-	(10)
Cash dividends on common									
stock ($1.25 per share)	-	-	-	(144)	-	-	-	-	(144)
Common stock repurchases	-	-	-	-	-	(81)	-	-	(81)
Issuance and amortization of									
ESOP preferred stock	-	-	147	-	-	-	-	-	147
ESOP dividend ($8.89 per share)	-	-	8	(36)	28	-	-	-	-
Preferred stock committed to									
Supplemental ESOP	-	-	650	-	-	-	-	-	650
Other	-	-	(46)	-	-	(1)	-	2	(45)
Balance at December 31, 2000	-	1	4,797	1,998	-	(1,484)	152	(7)	5,457
Year ended December 31, 2001:									
Net loss	-	-	-	(2,145)	-	-	-	-	(2,145)
Other comprehensive income, net:									
Unrealized losses on investments, net	-	-	-	-	-	-	(116)	-	(116)
Unrealized losses on derivatives, net	-	-	-	-	-	-	(46)	-	(46)
Minimum pension liability adj.	-	-	-	-	-	-	(265)	-	(265)
Total comprehensive income	-	-	-	(2,145)	-	-	(427)	-	(2,572)
Cash dividends on preferred									
stock ($1.44 per Series B share)	-	-	-	(10)	-	-	-	-	(10)
Cash dividends on common									
stock ($0.30 per share)	-	-	-	(42)	-	-	-	-	(42)
Preferred stock committed to									
Supplemental ESOP	-	-	229	-	-	-	-	-	229
Other	-	-	(31)	-	-	(1)	-	3	(29)
Balance at December 31, 2001	-	1	4,995	(199)	-	(1,485)	(275)	(4)	3,033
Year ended December 31, 2002:									
Net loss	-	-	-	(3,212)	-	-	-	-	(3,212)
Other comprehensive income, net:									
Unrealized losses on investments, net	-	-	-	-	-	-	(40)	-	(40)
Unrealized gains on derivatives, net	-	-	-	-	-	-	16	-	16
Minimum pension liability adj.	-	-	-	-	-	-	(2,364)	-	(2,364)
Total comprehensive income	-	-	-	(3,212)	-	-	(2,388)	-	(5,600)
Cash dividends on preferred									
stock ($1.08 per Series B share)	-	-	-	(6)	-	-	-	-	(6)
Preferred stock committed to									
Supplemental ESOP	-	-	75	-	-	-	-	-	75
Other	-	-	-	-	-	13	-	2	15
Balance at December 31, 2002	$ -	$ 1	$5,070	$(3,417)	$ -	$(1,472)	$(2,663)	$ (2)	$(2,483)

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

(1) Proceedings Under Chapter 11 of the Bankruptcy Code

Chapter 11 Reorganization. On December 9, 2002 ("Petition Date"), UAL Corporation, United Air Lines, Inc. and 26 direct and indirect wholly owned subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division ("Bankruptcy Court"). The reorganization cases are being jointly administered under the caption "In re: UAL Corporation, et al., Case No. 02-48191" ("Chapter 11 Cases"). Included in the Consolidated Financial Statements are subsidiaries which have not commenced Chapter 11 cases and are not Debtors. The assets and liabilities of such non-filing subsidiaries are not considered material to the Consolidated Financial Statements.

The Debtors continue to operate their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and applicable court orders. In general, as debtors-in-possession, the Debtors are authorized under Chapter 11 to continue to operate as an ongoing business,

but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. At hearings held on December 9, 2002, the Bankruptcy Court granted the Debtors first day motions for various relief designed to stabilize operations and business relationships with customers, vendors, employees and others and entered orders granting authority to the Debtors to, among other things: (a) pay pre-petition and post-petition employee wages, salaries, benefits and other employee obligations; (b) honor customer service programs, including United's Mileage Plus frequent flyer program and ticketing program; and (c) honor obligations arising prior to the Petition Date related to the Company's interline, clearinghouse, code sharing and other similar agreements. The Bankruptcy Court also gave interim approval for the Debtors to access a total of up to $1.5 billion of debtor-in-possession secured financing ("DIP Financing") provided by JPMorgan Chase Bank, Citicorp USA, Inc., Bank One, NA and The CIT Group/Business Credit, Inc. Final approval of the DIP Financing was granted by the Bankruptcy Court on December 30, 2002. (See "DIP Financing" below.)

Under Section 362 of the Bankruptcy Code, the filing of the bankruptcy petition automatically stays most actions against a debtor, including most actions to collect pre-petition indebtedness or to exercise control over the property of the debtor's estate. Absent an order of the Bankruptcy Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization to be approved by the Bankruptcy Court.

Shortly after the Chapter 11 filing, the Debtors began notifying all known current or potential creditors of the Chapter 11 filing for the purpose of identifying and quantifying all pre-petition claims against the Debtors. The Chapter 11 filing triggered defaults on substantially all debt and lease obligations of the Debtors.

Notwithstanding the preceding general discussion of the automatic stay, the Debtors' rights to possess and operate certain qualifying aircraft, aircraft engines and other aircraft-related equipment that are leased or subject to a security interest or conditional sale contract are governed by a particular provision of the Bankruptcy Code that specifies different treatment. Section 1110 of the Bankruptcy Code ("Section 1110") provides that unless the Debtors take certain action, within 60 days after the Petition Date or such later date as is agreed by the applicable lessor, secured party, or conditional vendor, the contractual rights of such financier to take possession of such equipment and to enforce any of its other rights or remedies under the applicable agreement are not limited or otherwise affected by the automatic stay or any other provision of the Bankruptcy Code.

Under Section 1110 of the Bankruptcy Code, the automatic stay lasts for only 60 days with respect to Section 1110-eligible aircraft, engines and related equipment except under two conditions. The debtor may extend the 60-day period by agreement of the relevant financier, with court approval. Alternatively, the debtor may agree to perform all of the obligations under the applicable financing and cure any defaults thereunder as required by the Bankruptcy Code. In the absence of either such arrangement, the financier may take possession of the property and enforce any of its contractual rights or remedies to sell, lease or otherwise retain or dispose of such equipment.

The 60-day period under Section 1110 in the Company's Chapter 11 Case expired on February 7, 2003. The Company has reached agreements with a significant number of aircraft financiers to extend the automatic stay, in exchange in certain instances for United's agreement to make specified payments. United also has made elections with respect to certain other aircraft to cure all existing defaults and to pay the contract rates as required by the Bankruptcy Code. With respect to certain aircraft, however, United neither negotiated an extension of the automatic stay nor agreed to cure and resume payments. Accordingly, the financiers of such aircraft may seek to repossess the property. Although no such financiers have sought to repossess any United equipment, and although the Company believes that market conditions for commercial aircraft make repossession unlikely, there can be no assurance that United's lendors and lessors will not repossess any of the applicable aircraft. Any such repossessions could result in substantial disruptions to United's operations and could have a material adverse effect on the Company's business.

Under Section 365 of the Bankruptcy Code, the Debtors may assume, assume and assign, or reject certain executory contracts and unexpired leases, including, without limitation, leases of real property, aircraft and aircraft engines, subject to the approval of the Bankruptcy Court and certain other conditions. In general, rejection of an unexpired lease or executory contract is treated as a pre-petition breach of the lease or contract in question and, subject to certain exceptions, relieves the Debtors of performing their future obligations under such lease or contract but entitles the lessor or contract counterparty to a pre-petition general unsecured claim for damages caused by such deemed breach. Counterparties to such rejected contracts or leases may file claims against the Debtors' estate for such damages. Generally, the assumption of an executory contract or unexpired lease requires the Debtors to cure most existing defaults under such executory contract or unexpired lease. In this regard, the Company expects that liabilities subject to compromise and resolution in the Chapter 11 Cases will arise in the future as a result of damage claims created by the Debtors' rejection of various executory contracts and unexpired leases. Conversely, the Company would expect that the assumption of certain executory contracts and unexpired leases may convert liabilities shown as subject to compromise to liabilities not subject to compromise.

Section 1113(c) of the Bankruptcy Code permits a debtor to move to reject its collective bargaining agreements ("CBAs") if the debtor first satisfies several statutorily prescribed substantive and procedural prerequisites and obtains the Bankruptcy Court's approval of the rejection. After bargaining in good faith and sharing relevant information with its unions, the debtor must make proposals to modify its existing CBAs based on the most complete and reliable information available at the time. The proposed modifications must be necessary to permit the reorganization of the debtor and must ensure that all the affected parties are treated fairly and equitably relative to the creditors and the debtor. Ultimately, rejection is appropriate if the unions refuse to agree to the debtors necessary proposals "without good cause" and the balance of the equities favors rejection.

As required by the Bankruptcy Code, the United States Trustee for the Northern District of Illinois ("U.S. Trustee") has appointed an official committee of unsecured creditors (the "Creditors' Committee"). The Creditors Committee and its legal representatives have a right to be heard on all matters that come before the Bankruptcy Court with respect to the Debtors. There can be no assurance that the Creditors' Committee will support the Debtors' positions or the Debtors' ultimate plan of reorganization, once proposed, and

disagreements between the Debtors and the Creditors' Committee could protract the Chapter 11 Cases, could negatively impact the Debtors' ability to operate during the Chapter 11 Cases and could delay the Debtors' emergence from Chapter 11.

In order to successfully exit Chapter 11, the Company will need to propose, and obtain confirmation by the Bankruptcy Court of, a plan of reorganization that satisfies the requirements of the Bankruptcy Code. A plan of reorganization would resolve, among other things, the Debtors' pre-petition obligations, set forth the revised capital structure of the newly reorganized entity and provide for its corporate governance subsequent to exit from bankruptcy. On March 21, 2003, the Bankruptcy Court approved the extension of the Company's "exclusivity period" (during which it is the only party permitted to file a plan of reorganization) to October 2003, but under certain circumstances, the exclusivity period could be shortened by two months. The timing of filing a plan of reorganization by the Company will depend on the timing and outcome of numerous other ongoing matters in the Chapter 11 Cases. Although the Company expects to file a plan of reorganization that provides for its emergence from bankruptcy as a going concern, there can be no assurance at this time that a plan of reorganization will be confirmed by the Bankruptcy Court, or that any such plan will be implemented successfully.

Financial Statement Presentation. The accompanying consolidated financial statements have been prepared in accordance with American Institute of Certified Public Accountants' Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," and on a going-concern basis, which contemplates continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business.

SOP 90-7 requires that the financial statements for periods subsequent to the Chapter 11 filing petition distinguish transactions and events that are directly associated with the reorganization from the operations of the business. Accordingly, revenues, expenses (including professional fees), realized gains and losses, and provisions for losses directly associated with the reorganization and restructuring of the business are reported separately in the financial statements. The Statements of Consolidated Financial Position distinguish pre-petition liabilities subject to compromise from both those pre-petition liabilities that are not subject to compromise and from post-petition liabilities. Liabilities subject to compromise are reported at the amounts expected to be allowed, even if they may be settled for lesser amounts.

In addition, as a result of the Chapter 11 filing, the realization of assets and satisfaction of liabilities, without substantial adjustments and/or changes in ownership, are subject to uncertainty. Given this uncertainty, there is substantial doubt about the Company's ability to continue as a going concern. While operating as debtors-in-possession under the protection of Chapter 11 of the Bankruptcy Code and subject to approval of the Bankruptcy Court or otherwise as permitted in the ordinary course of business, the Debtors, or some of them, may sell or otherwise dispose of assets and liquidate or settle liabilities for some amounts other than those reflected in the consolidated financial statements. Further, a plan of reorganization could materially change the amounts and classifications in the historical consolidated financial statements.

Pursuant to the Bankruptcy Code, the Debtors have filed schedules with the Bankruptcy Court setting forth the assets and liabilities of the Debtors as of the Petition Date. Differences between amounts recorded by the Debtors and claims filed by creditors will be investigated and resolved as part of the Chapter 11 Cases. The deadline for filing proofs of claim with the Bankruptcy Court is May 12, 2003, with a limited exception for governmental entities, which have until June 9, 2003 to file proofs of claim. Accordingly, the ultimate number and allowed amounts of such claims are not presently known.

DIP Financing. The DIP Financing consists of two facilities, a $300 million facility provided by Bank One N.A. ("Bank One Facility") and a $1.2 billion facility provided by J.P. Morgan Chase Bank, Citicorp USA, Inc., Bank One, N.A. and The CIT Group/Business Credit, Inc. ("Club Facility"). The Company has received commitments of $1.0 billion under the Club Facility following the completion of the syndication process for that facility; the balance is conditioned upon the participation of one or more additional lenders approved by the existing participants.

The Bank One Facility consists of a $300 million term loan with an interest rate option of the prime rate plus 5.5% or LIBOR plus 6.5% (with a LIBOR floor of 3%). As of December 31, 2002, the Company had borrowed $300 million at the LIBOR option which is due in five equal monthly installments beginning in March 2004.

The Club Facility consists of a revolving credit and letter of credit facility of $800 million and a term loan of $400 million, which matures on July 1, 2004. The Company has the option of borrowing under the Club Facility at an interest rate of the prime rate plus 5.5% or LIBOR plus 6.5% (with a LIBOR floor of 3%). As of December 31, 2002, the Company had borrowed $400 million under the term loan at the LIBOR option. In addition, the Company had available a $100 million letter of credit facility which was not drawn down on in December, but was fully utilized by March 2003. The remaining $700 million under the revolving credit facility is subject to stringent availability hurdles as discussed below.

The DIP Financing is guaranteed by each of the Debtors and is secured by first priority liens on all unencumbered present and future assets of the Debtors and by junior liens on all other assets of the Debtors, other than certain specified assets, including assets which are subject to financing agreements that are entitled to the benefits of Section 1110 to the extent such financing agreements prohibit such junior liens. In addition, the Bank One Facility is secured by cash collateral collected under the Co-Branded Credit Card Agreement between Bank One and the Company.

The terms of the DIP Financing include covenants that require the Company to satisfy ongoing monthly financial requirements as determined by EBITDAR (earnings before interest, income taxes, depreciation, amortization and aircraft rents) and covenants that limit, among other things, the Debtors' ability to borrow additional money, make capital expenditures and make additional corporate investments. In addition, the Company is required to maintain a minimum unrestricted cash balance, excluding escrowed amounts, of $300 million.

Under the Club Facility, borrowing availability is determined by a formula based on a percentage of eligible assets. The eligible assets consist of certain previously unencumbered aircraft, spare engines, spare parts inventory, certain flight simulators and quick engine change kits. The underlying value of such assets may fluctuate periodically due to prevailing market conditions and fluctuations in value may have an impact on the borrowing availability under the Club Facility. Availability may be further limited by additional reserves imposed by the banks in their commercially reasonable discretion.

The remaining $700 million of availability under the Club Facility, subject to the limitation on borrowing availability discussed above, will be available to the Company after certain conditions are met, including achieving positive cumulative EBITDAR; submitting a certified updated business plan; providing updated appraisals on the collateral and ascertaining there has been no material adverse change with respect to transferability of routes, gate leaseholds or slots.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation - - UAL is a holding company whose principal subsidiary is United. The consolidated financial statements include the accounts of UAL and all of its majority-owned affiliates (collectively "the Company"). All significant intercompany transactions are eliminated. Certain prior-year financial statement items have been reclassified to conform to the current year's presentation.

(b) Use of Estimates - - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Airline Revenues - - Passenger fares and cargo revenues are recorded as operating revenues when the transportation is furnished. The value of unused passenger tickets is included in current liabilities as advance ticket sales. In addition, United has formed bilateral alliances with other airlines which include: joint frequent flyer participation; code sharing of flight operations; coordination of reservations, baggage handling and flight schedules and other resource-sharing activities. Code sharing is an agreement under which a carrier's flights can be marketed under the two-letter airline designator code of another carrier. Revenues earned under these arrangements are allocated between the code share partners based on existing contractual agreements and airline industry standard pro-ration formulas and are recognized as passenger revenue when the transportation is provided.

(d) Cash and Cash Equivalents and Short-Term Investments - Cash in excess of operating requirements is invested in short-term, highly liquid, income-producing investments. Investments with a maturity of three months or less on their acquisition date are classified as cash and cash equivalents. Other investments are classified as short-term investments.

From time to time, United lends certain of its securities classified as cash and cash equivalents and short-term investments to third parties. United requires collateral in an amount exceeding the value of the securities and is obligated to reacquire the securities at the end of the contract. United accounts for these transactions as secured borrowings rather than sales and does not remove the securities from the balance sheet. At December 31, 2002, United had no secured borrowings outstanding.

At December 31, 2002 and 2001, $402 million and $526 million, respectively, of investments in debt securities included in cash and cash equivalents and short-term investments were classified as available-for-sale, and $714 million and $2.0 billion, respectively, were classified as held-to-maturity. Investments in debt securities classified as available-for-sale are stated at fair value based on the quoted market prices for the securities, which does not differ significantly from their cost basis. Investments classified as held-to-maturity are stated at cost which approximates market due to their short-term maturities. The gains or losses from sales of available-for-sale securities are included in interest income for each respective year.

At December 31, 2002, the Company had $578 million in restricted cash, including $116 million in long-term restricted cash. The cash largely represents security for worker compensation obligations in states where United self-insures, security deposits for airport leases and reserves with institutions which process the Company's sales.

(e) Aircraft Fuel, Spare Parts and Supplies - Aircraft fuel and maintenance and operating supplies are stated at average cost. Flight equipment spare parts are stated at average cost less an obsolescence allowance.

(f) Operating Property and Equipment - Owned operating property and equipment is stated at cost. Property under capital leases, and the related obligation for future lease payments, are initially recorded at an amount equal to the then present value of those lease payments.

Depreciation and amortization of owned depreciable assets is based on the straight-line method over their estimated service lives. Leasehold improvements are amortized over the remaining period of the lease or the estimated service life of the related asset, whichever is less. Aircraft are depreciated to estimated salvage values, generally over lives of 25 to 30 years; buildings are depreciated over lives of 25 to 45 years; and other property and equipment are depreciated over lives of 3 to 15 years.

Properties under capital leases are amortized on the straight-line method over the life of the lease or, in the case of certain aircraft, over their estimated service lives. Lease terms are 10 to 22 years for aircraft and flight simulators and 29 years for buildings. Amortization of capital leases is included in depreciation and amortization expense.

Maintenance and repairs, including the cost of minor replacements, are charged to maintenance expense accounts as incurred. Costs of additions to and renewals of units of property are charged to property and equipment accounts.

(g) Mileage Plus Awards - - UAL accrues the estimated incremental cost of providing free travel awards earned under its Mileage Plus frequent flyer program when such award levels are reached. United sells mileage credits to participating airline partners in the Mileage Plus program and UAL Loyalty Services ("ULS"), a wholly owned subsidiary of UAL, sells mileage credits to non-airline business partners.

A portion of revenue from the sale of mileage credits is deferred and recognized as passenger revenue when the transportation is provided. Accordingly, UAL recorded a charge of $209 million, net of tax, in 2000, for the cumulative effect of a change in accounting principle to reflect the application of the accounting method to prior years. This change resulted in a reduction to revenues of approximately $38 million for 2000.

(h) Deferred Gains - - Gains on aircraft sale and leaseback transactions are deferred and amortized over the lives of the leases as a reduction of rental expense.

(i) United Express - - United has marketing agreements under which independent regional carriers, flying under the United Express name, feed passengers to United owned and operated flights. United pays these carriers on a fee-per-departure basis and includes the revenues derived from the carriers in passenger revenue, net of these expenses. United Express revenues (net of expenses) included in passenger revenues were $(255) million, $(232) million and $(49) million for 2002, 2001 and 2000, respectively.

While the effect on United's results, taking into account only the United Express flights, is negative, the Company realizes a significant benefit (not included in the results shown above) from the traffic provided to United's operations as a result of these agreements.

United has call options on 83 regional jets owned or leased by these carriers. The call option is a standard part of the United Express agreement and is intended to allow United to secure control over regional jets used for United Express flying in the event a United Express agreement is terminated. The call option reduces this risk if the Company determines that a change of United Express carrier is necessary, particularly due to the significant time lag between order and delivery of aircraft (such as regional jets made to United's specifications).

The call options are only exercisable if United maintains a specified credit rating and the United Express carrier fails to meet required operating and/or financial performance levels for a specified period of time. Due to United's current credit rating, none of the call options are exercisable at this time.

(j) Advertising - - Advertising costs, which are included in other operating expenses, are expensed as incurred. Advertising expense was $169 million, $217 million and $269 million for the years ended December 31, 2002, 2001 and 2000, respectively.

(k) Intangibles - - Intangibles consist primarily of route acquisition costs and intangible pension assets (see Note 20, "Retirement and Postretirement Plans").

Effective January 1, 2002, UAL adopted SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). In connection with the adoption of SFAS No. 142, UAL discontinued $12 million in annual amortization expense on route acquisition costs, which are indefinite-lived intangible assets. SFAS No. 142 also requires companies to test intangibles for impairment on an annual basis or on an interim basis when a triggering event occurs. During the first quarter of 2002, the Company performed an initial evaluation of its intangibles and determined that the fair value of its intangibles was in excess of the book value.

The following information relates to UAL's intangibles at December 31, 2002:

(In millions)	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets		
Airport Slots and Gates	$ 184	$ 166
Other	47	14
	$ 231	$ 180
Unamortized intangible assets		
Routes	$ 344	
Goodwill	17	
	$ 361	

Slots and gates are amortized on a straight-line basis over the life of the related leases. Other intangibles are amortized over periods of 3 to 10 years. Total amortization expense recognized in 2002 was $12 million. The Company expects to record amortization expense of $8 million in 2003, $7 million in 2004 and 2005, $6 million in 2006 and $4 million in 2007.

Route authorities are rights granted by governments to operate flights to and from a particular country. These authorities are very specific and limited, fixed in nature and are rarely available in the marketplace. Accordingly, route authorities are highly valued and sought after assets by all airlines. During 2002, UAL obtained a third-party appraisal of its route authorities which concluded that the market value of these assets continues to be considerably in excess of the book value.

Slots and gates, like routes, are highly valued assets that do not frequently come into the marketplace. The Company has no intention to sell these assets and believes that the market value is in excess of the recorded book value.

Goodwill primarily relates to UAL Loyalty Services' ("ULS") acquisition of MyPoints.com, which occurred in July 2001 and is based on the final purchase price allocation. Management believes that the cash flows of ULS's operation, as reflected in Note 23, "Segment Information" are sufficient to support the value of these intangibles and goodwill.

Pro forma results for the years ended 2001 and 2000 assuming the discontinuation of amortization are shown below:

(In millions, except per share)	2001	2000
Earnings (loss) before cumulative effect and extraordinary loss, as reported	$(2,137)	$ 265
Amortization of routes, net of tax	7	7
Earnings (loss) before cumulative effect and extraordinary loss, pro forma	$(2,130)	$ 272
Net earnings (loss), as reported	$(2,145)	$ 50
Amortization of routes, net of tax	7	7
Net earnings (loss), pro forma	$(2,138)	$ 57

Per share	Basic	Diluted	Basic	Diluted
Earnings (loss) before cumulative effect and extraordinary loss, as reported	$(39.90)	$(39.90)	$ 2.02	$ 1.89
Amortization of routes, net of tax	0.14	0.14	0.08	0.06
Earnings (loss) before cumulative effect and extraordinary loss, pro forma	$(39.76)	$(39.76)	$ 2.10	$ 1.95
Net earnings (loss), as reported	$(40.04)	$(40.04)	$ 0.04	$ 0.04
Amortization of routes, net of tax	0.14	0.14	0.08	0.06
Net earnings (loss), pro forma	$(39.90)	$(39.90)	$ 0.12	$ 0.10

(l) Measurement of Impairments - Effective January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), which addresses the accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 did not have an effect on the Company's results of operations.

United's policy is to recognize an impairment charge when an asset's carrying value exceeds its net undiscounted future cash flows and its fair market value. The amount of the charge is the difference between the asset's carrying value and fair market value.

(m) Stock Option Accounting - - At December 31, 2002, the Company had certain stock-based employee compensation plans, as described in Note 18, "Stock Options and Awards." The Company has elected to continue accounting for those plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock-based employee compensation cost pertaining to stock options is reflected in the Company's net earnings (loss), as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. If compensation cost for stock-based employee compensation plans had been determined using the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net earnings (loss) and earnings (loss) per share would have instead been reported as the pro forma amounts indicated below:

(In millions, except per share)	Year Ended December 31		
	2002	2001	2000
Net earnings (loss), as reported	$(3,212)	$ (2,145)	$ 50
Less: Total compensation expense determined under fair value method, net of tax in 2001 and 2000	(28)	(16)	(17)
	$(3,240)	$ (2,161)	$ 33
Net earnings (loss) per share:			
Basic and Diluted - As reported	$ (53.55)	$ (40.04)	$ 0.04
Basis and Diluted - Pro forma	$ (54.01)	$ (40.34)	$(0.10)

(3) Special Charges

2002 -

Avolar.On March 22, 2002, UAL announced the orderly shutdown of its wholly owned subsidiary Avolar, which was formed in

early 2001 to operate and sell fractional ownership interests in premium business aircraft. In connection with the closing of Avolar, UAL recorded a special charge of $82 million in the first quarter 2002 which included aircraft deposits and termination fees ($55 million), operating related expenses ($18 million), severance related costs ($7 million) and other costs ($2 million).

In accordance with Emerging Issues Task Force No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," the Company identified those charges which should be recognized at the time management had committed to an exit plan. The special charge included current period and future estimated liabilities incurred which would produce no future economic benefit to UAL.

Specifically, the current period expenses included in the charge were related to obligations incurred prior to the commitment date which would not produce any future benefit to the Company and included costs for promotional flights, consultant fees for the development of computer systems, advertising in anticipation of operations and other miscellaneous expenses.

Severance. During the fourth quarter of 2002, UAL announced the closing of three reservation centers, a maintenance line and four international stations and the conversion of five stations in the U.S. to United Express service, which resulted in the furloughing of a number of employees. Additionally, in connection with the Company's plan to decrease the airline's flying schedule, as well as overall cost-saving measures, the Company announced a reduction in employment levels effective January and February 2003. As a result of the announced furloughs, the Company recorded a special charge of $67 million in the fourth quarter of 2002 for severance-related charges.

2001 -

Related to September 11. During the third quarter of 2001, United recorded a special charge of $1.3 billion in operating expense and $49 million in non-operating expense for amounts relating to the September 11 terrorist attacks and the resulting impact on the Company's schedule and operations.

The special charge in operating expense was made up of the following (in millions):

	Amount
Special charges:	
Aircraft groundings and impairment	$ 788
Reduction in force	217
Early termination fees	181
Discontinued capital projects	107
Miscellaneous	19
Total operating special charges	$ 1,312

After the September 11 terrorist attacks, the Company grounded the B727-200 and B737-200 fleets and recorded a charge of $271 million, reflecting the write down of the fleets to fair value.

Due to the changes implemented to United's operations, the Company reviewed its fleet for impairment in accordance with SFAS No. 121, as amended by SFAS No. 144. Management determined that the estimated net undiscounted future cash flows generated by its B737-500 and B747-400 fleets would be less than their carrying value. Management estimated the undiscounted future cash flows with models used by the Company in making fleet and scheduling decisions. These models utilized the Company's projections of passenger yield, fuel costs, labor costs and other relevant factors for the markets where these aircraft will operate. The aircraft in each of these fleets were written down to their fair market values, as estimated by management using published sources, third-party appraisals and bids received from third parties. Accordingly, the special charge includes an impairment charge of $517 million for these aircraft fleets resulting from the anticipated decrease in future cash flows.

Also as a result of the terrorist attacks, the Company furloughed approximately 20,000 employees across all work groups (pilots, flight attendants, mechanics, ramp service, customer service and management and salaried employees). In connection with the furloughs, United accrued severance costs of approximately $217 million, including a one-time curtailment charge relating to the accelerated recognition of unrecognized prior service costs for certain of the Company's pension plans.

Also included in the special charge is $107 million relating to the write-off of capital projects no longer being pursued. As a direct result of September 11, management made the decision to terminate all funding and labor resources for numerous capitalized projects that were in-process prior to September 11 and which did not provide any immediate economic or long-term safety benefits to customers or the airline. The projects and related amounts capitalized that were discontinued following September 11 included computer system development costs ($48 million), aircraft improvements ($33 million), airport facility improvements ($21 million) and other miscellaneous projects ($5 million).

After management announced the furlough and the freeze on all capital expenditures, United determined that the Company was unlikely to meet certain commitments or provisions of certain executory contracts with third parties. The executory contracts are related to agreements with state and local governments ($157 million), aircraft improvements ($11 million) and facilities and other ($13 million)

Additionally, the Company recorded a non-operating special charge of $49 million related to certain non-operating aircraft that were leased to others. The fair value of these aircraft was significantly impacted by the events of September 11.

As part of the Air Transportation Safety and System Stabilization Act of 2001 (the "Act") enacted in response to the events of September 11, 2001, the federal government made $5.0 billion in federal grants available to the airline industry. The Company received a total of $782 million in grants under the Act, of which $652 million was received in 2001 and $130 million in 2002. These amounts represent the Company's total allocation of grant money under the Act.

Following is a reconciliation of activity related to the accruals for the reduction in force and early termination fees:

	Reduction in force	Early termination fees
Balance at December 31, 2001	$ 87	$ 171
Accruals	67	39
Payments	(43)	(48)
Reversal of overaccruals	(44)	-
Balance at December 31, 2002	$ 67	$ 162

During 2002, the Company reversed $44 million of overaccruals pertaining to the reduction in force as a result of the Company furloughing fewer employees than was initially anticipated in early 2002.

Through December 31, 2002, the Company had received approximately $58 million related to insurance recoveries on aircraft destroyed by the September 11 attacks and approximately $12 million related to other covered expenses. The Company anticipates that its liability from claims arising from the events of September 11, 2001 will be significant, after considering the liability protections provided for by the Act; however, the Company expects that any amounts paid on such claims will be borne by its insurance carriers as claims are resolved and, in any event, the Company believes that, under the Act, its liability will be limited to its insurance coverage.

The Company has not incurred any material environmental obligations relating to September 11.

US Airways Merger.During the second quarter of 2001, UAL recognized a special charge of $116 million for incremental direct costs incurred related to the potential acquisition of US Airways Group, Inc. that was ultimately terminated. In addition to a $50 million termination fee, the Company incurred costs of $29 million related to integration project management, $16 million in legal fees and $21 million in other professional fees that were written off.

2000 -

Operating Special Charges. The Company recorded the following special charges in operating expense in 2000:

(in millions)	Amount
Fleet impairments	$ 33
Sublease losses	16
Write-down of leased equipment	36
Impairment of equipment	54
	$ 139

During 2000, the Company permanently grounded certain BAe Turbo-Prop aircraft which had been used in the United Express operation and announced the planned early retirement of the B727-222 aircraft fleet resulting in an impairment charge of $33 million, in accordance with SFAS No. 121, as amended by SFAS No. 144. In connection with the grounding of the BAe aircraft, the Company also incurred a charge of $16 million for losses related to subleases, in accordance with FASB Technical Bulletin 79-15, "Accounting for Loss on a Sublease Not Involving the Disposal of a Segment."

The Company also announced its decision to end its freighter operation effective December 24, 2000, resulting in the early retirement of four DC10-30 freighter aircraft which were under lease. Accordingly, the Company recorded a charge of $12 million in the fourth quarter of 2000. Additionally, the Company permanently grounded seven leased B747-238 aircraft in the second quarter of 2000 and recorded a $24 million charge, as the aircraft continued to be leased but were no longer used for operating purposes beyond 2000. These charges were recognized in accordance with EITF 88-10, "Costs Associated with Lease Modification or Termination," as it was determined that the grounded, leased aircraft and improvements had no substantive future use or benefit. Accordingly, the remaining rental payments and capitalized leasehold improvements were written-off.

Finally, the Company recorded a charge of $37 million in the second quarter of 2000 when the Company retired the inflight video system on certain B777-222 aircraft, which was replaced by an enhanced and more reliable inflight video system. The Company also recorded an impairment charge of $17 million to reduce the carrying value of certain equipment no longer used in the Company's operations as of the fourth quarter 2000, to net realizable value in accordance with SFAS No. 121.

Priceline. In 1999, United received 5.5 million warrants convertible into 5.5 million shares of Priceline common stock at an exercise price of $52.625, which were recorded at their fair value of $61 million. In the third quarter of 2000, United recorded an impairment loss of $38 million, net of tax, in non-operating expense, for the write-down of these warrants to zero. Subsequent to the third quarter of 2000, the Company sold all of its warrants in Priceline for less than $1 million in proceeds.

(4) Per Share Amounts

Basic earnings per share were computed by dividing net earnings (loss) before extraordinary item and cumulative effect by the weighted-average number of shares of common stock outstanding during the year and potential participating ESOP preferred shares in periods where such shares are dilutive using the if-converted method. In addition, diluted earnings per share amounts include potential common shares, including common shares issuable upon conversion of ESOP shares committed to be released.

Earnings (Loss) Attributable to Common Stockholders (in millions)	2002	2001	2000
Net earnings (loss) before cumulative effect and extraordinary item	$(3,212)	$(2,137)	$ 265
Preferred stock dividends	(10)	(10)	(46)
Earnings (loss) attributable to common stockholders (Basic and Diluted)	$(3,222)	$(2,147)	$ 219
Shares (in millions)			
Weighted average shares outstanding	60.2	53.8	51.3
Participating convertible ESOP preferred stock	-	-	57.0
Weighted average number of shares (Basic)	60.2	53.8	108.3
Non-participating convertible ESOP preferred stock	-	-	7.5
Other	-	-	0.7
Weighted average number of shares (Diluted)	60.2	53.8	116.5
Earnings (Loss) Per Share (before cumulative effect and extraordinary item)			
Basic	$(53.55)	$(39.90)	$ 2.02
Diluted	$(53.55)	$(39.90)	$ 1.89

At December 31, 2002, stock options to purchase 12,850,750 shares of common stock were outstanding, but were not included in the computation of diluted earnings per share, because the exercise price of these options was greater than the average market price of the common shares. In addition, 33,857,761 shares of convertible ESOP preferred stock were not included in the computation of diluted earnings per share, as the result would be antidilutive.

(5) Comprehensive Income

The following table presents the tax effect of those items included in other comprehensive income:

	Year Ended December 31								
(In millions)	2002			2001			2000		
	Pre-Tax	Tax Effect	Net of Tax	Pre-Tax	Tax Effect	Net of Tax	Pre-Tax	Tax Effect	Net of Tax
Unrealized holding gains (losses) on investments arising during period	$ 6	$ -	$ 6	$ 79	$ (29)	$ 50	$ (297)	$ 101	$ (196)
Less: reclassification adjustment for gains included in net income	46	-	46	261	(95)	166	-	-	-
Net unrealized holding gains (losses)	(40)	-	(40)	(182)	66	(116)	(297)	101	(196)
Net unrealized gains (losses) on derivatives	16	-	16	(72)	26	(46)	-	-	-
Minimum pension liability	(2,364)	-	(2,364)	(418)	153	(265)	(6)	2	(4)
Total other comprehensive income	$(2,388)	$ -	$(2,388)	$ (672)	$ 245	$ (427)	$ (303)	$ 103	$(200)

Unrealized gains (losses) on securities primarily represent gains (losses) on the Company's investments in Galileo and Cendant as discussed in Note 8, "Investments."

The components of accumulated other comprehensive income (loss) (which are all net of applicable taxes in 2000 and 2001) are as follows:

(in millions)	Unrealized Gain/(Loss) on Investments	Unrealized Losses on Derivatives	Minimum Pension Liability	Total
Balance at December 31, 1999	$ 355	$ -	$ (3)	$ 352
Current year net change	(196)	-	(4)	(200)
Balance at December 31, 2000	$ 159	$ -	$ (7)	$ 152
Current year net change	(116)	(46)	(265)	(427)
Balance at December 31, 2001	$ 43	$ (46)	$ (272)	$ (275)
Current year net change	(40)	16	(2,364)	(2,388)

Balance at December 31, 2002	$ 3	$ (30)	$(2,636)	$(2,663)

(6) Other Income (Expense) - Miscellaneous

Included in Other income (expense) - "Miscellaneous, net" was $(13) million, $(21) million and $(22) million of foreign exchange gains (losses) in 2002, 2001 and 2000, respectively.

(7) Income Taxes

In 2002, UAL incurred both a regular and an alternative minimum tax ("AMT") loss. The carryback of the AMT loss to 1998 and 1999 will produce a federal tax refund, thereby reducing AMT credits. The primary differences between UAL's regular tax loss and AMT loss are the depreciation adjustments and preferences.

In assessing the realizability of its deferred tax assets, management considers whether it is more likely than not that some portion of the deferred tax asset will be realized. During 2002, the Company recorded a valuation allowance against its deferred tax assets.

The provision (credit) for income taxes is summarized as follows:

(In millions)	2002	2001	2000
Current -			
Federal	$ (669)	$ (82)	$ (133)
State	4	-	(24)
	(665)	(82)	(157)
Deferred -			
Federal	755	(1,048)	278
State	(90)	(96)	39
	665	(1,144)	317
	$ -	$(1,226)	$ 160

The significant components of the deferred income tax provision (credit) are as follows:

(In millions)	2002	2001	2000
Deferred tax provision (exclusive of the other components listed below)	$ (495)	$(1,150)	$ 317
Increase in the valuation allowance for deferred tax assets	1,160	6	-
	$ 665	$(1,144)	$ 317

The income tax provision differed from amounts computed at the statutory federal income tax rate, as follows:

(In millions)	2002	2001	2000
Income tax provision at statutory rate	$(1,124)	$(1,175)	$ 151
State income taxes, net of federal income tax benefit	(56)	(62)	10
ESOP dividends	-	(17)	(32)
Nondeductible employee meals	13	18	24
Valuation allowance	1,160	6	-
Other, net	7	4	7
	$ -	$(1,226)	$ 160

Temporary differences and carryforwards that give rise to a significant portion of deferred tax assets and liabilities for 2002 and 2001 are as follows:

(In millions)	2002		2001	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Employee benefits, including postretirement medical and ESOP	$ 1,753	$ 29	$ 1,329	$ 80
Depreciation, capitalized interest and transfers of tax benefits	-	3,733	-	3,180
Federal and state net operating loss				

carryforwards	1,627	-	1,162	-
Mileage Plus deferred revenue	196	-	171	-
Gains on sale and leasebacks	247	-	275	-
Rent expense	468	-	462	-
AMT credit carryforwards	294	-	255	-
Other	1,126	1,032	939	958
Less: Valuation allowance	(1,166)	-	(6)	-
	$ 4,545	$ 4,794	$ 4,587	$ 4,218

At December 31, 2002, UAL and its subsidiaries had $294 million of federal AMT credits and $1.6 billion of federal and state net operating loss ("NOL") credits which may be carried forward to reduce the tax liabilities of future years. Federal NOL credits of $218 million expire in 2022 and $1.2 billion expire in 2023.

Current Internal Revenue Service ("IRS") rules would place the Company's NOLs at risk if an ownership change occurs during the three years prior to emergence from bankruptcy. An ownership change is triggered if shareholders owning 5% or more of the stock change their holdings in the aggregate by at least 50 percentage points. Consequently, the Bankruptcy Court has entered an injunction preventing trading in the Company's securities by substantial equity holders and claimholders, including the ESOP trustee, State Street Bank & Trust.

On March 4, 2003, the Company announced that it had received a private letter ruling from the IRS which would permit the Company to allow the additional sale of UAL common stock held by the ESOP without jeopardizing these tax benefits. (See Note 16, "ESOP Preferred Stock" and Note 19, "Employee Stock Ownership Plans" for further details.)

The Company has determined, based on its history of operating earnings (losses) and current declaration of bankruptcy, that it is more likely than not that the gross deferred tax assets, net of valuation allowances at December 31, 2002 are expected to be realized through the reversals of existing deferred tax credits.

(8) Investments

At December 31, 2000, United owned 15,940,000 shares (18%) in Galileo, a leading provider of electronic global distribution services for the travel industry. On October 1, 2001, Cendant Corporation ("Cendant") acquired all of the outstanding common stock of Galileo for a combination of stock and cash. Accordingly, United tendered all of its shares in Galileo for net proceeds of $65 million and 21,168,320 shares in Cendant, resulting in a gain of $244 million. In the fourth quarter of 2001, United sold 14 million shares of Cendant common stock for net proceeds of $194 million, resulting in a gain of $17 million. In January 2002, United sold its remaining investment in Cendant for net proceeds of $137 million, resulting in a gain of $46 million.

During 2000, 2001 and 2002, ULS invested approximately $53 million in Orbitz, an Internet travel web site. ULS owns approximately 22% of Orbitz and accounts for this investment using the equity method of accounting.

During 1998 and 1999, United invested approximately $51 million in GetThere.com resulting in a 28% minority interest consisting of common stock, warrants and options. United accounted for its investment in GetThere.com using the equity method of accounting. On October 6, 2000, Sabre Holdings Corporation acquired all of the outstanding common stock of GetThere.com for $17.75 per share. Accordingly, after converting its options and warrants, United tendered all of its shares for net proceeds of $147 million, resulting in a gain of approximately $69 million, net of tax.

(9) Acquisitions

On July 18, 2001, ULS successfully completed its cash tender offer to acquire all of the outstanding common stock of MyPoints.com for $2.60 per share. MyPoints.com is an Internet-based direct marketing and membership services company, known for its database-driven loyalty infrastructure. Including the costs related to vested management stock options, outstanding warrants and transaction-related expenditures, the aggregate cost of the acquisition was approximately $118 million ($32 million, net of cash acquired). The Company recorded approximately $32 million to goodwill and intangible assets based on the final purchase price allocation. This transaction is being accounted for under the purchase method, in accordance with SFAS No. 141, "Business Combinations."

(10) Liabilities Subject to Compromise

Liabilities subject to compromise refers to liabilities incurred prior to the commencement of the Chapter 11 Cases. These amounts represent the Company's estimate of known or potential pre-petition claims to be resolved in connection with the Chapter 11 Cases. Such claims remain subject to future adjustments. Adjustments may result from negotiations, actions of the Bankruptcy Court, rejection of executory contracts and unexpired leases, the determination as to the value of any collateral securing claims, proofs of claim or other events. It is anticipated that such adjustments may be material. Payment terms for these amounts will be established in connection with the Chapter 11 Cases.

At December 31, 2002, the Company had liabilities subject to compromise of approximately $13.8 billion which consisted of the following:

	(In millions)
Long-term debt, including accrued interest	$ 8,331

Aircraft-related accruals and deferred gains	2,306
Capital lease obligations, including accrued interest	2,195
Accounts payable	332
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	97
Other	572
	$ 13,833

(11) Short-Term Borrowings

At December 31, 2001, United had outstanding $133 million in short-term borrowings, bearing an average interest rate of 2.80%. Receivables amounting to $145 million were pledged by United to secure repayment of such outstanding borrowings. This arrangement was terminated in May 2002 and the borrowings repaid.

(12) Long-Term Debt

As of December 31, 2002, all of the Company's pre-petition debt is in default due to the Chapter 11 filing. Pre-petition debt, which is classified as liabilities subject to compromise as of December 31, consisted of the following:

(In millions)	
Secured notes, 2.03% to 9.52%, averaging 5.83%, due through 2014	$ 7,050
Debentures, 9.00% to 11.21%, averaging 9.89%, due through 2021	646
Special facility bonds, 5.63% to 6.38%, averaging 5.90%, due through 2035	493
	$ 8,189

A summary of long-term debt, including current maturities, as of December 31 is as follows:

(In millions)	2002	2001
DIP Facility, 7.75%, due 2004	$ 700	$ -
Secured notes, 2.30% to 9.83%, averaging 5.78%, due through 2014	-	6,708
Debentures, 9.00% to 11.21%, averaging 9.89%, due through 2021	-	646
Special facility bonds, 5.63% to 6.38%, averaging 5.90%, due through 2035	-	493
	700	7,847
Less: Unamortized discount on debt	-	(8)
Current maturities	-	(1,217)
	$ 700	$ 6,622

At December 31, 2002, United had outstanding a total of $3.9 billion of debt at variable rates from 2.03% to 9.52% based on specified spreads over LIBOR.

In December 2002, the Company borrowed $700 million under the DIP Facility as described more fully in Note 1, "Proceedings Under Chapter 11 of the Bankruptcy Code."

During 2002, the Company refinanced approximately $525 million in interim financing through a $775 million private debt financing which refinanced certain aircraft. The Company also arranged long-term financing for approximately $314 million in debt that had been placed in interim financing facilities and refinanced $238 million in long-term debt through a sale-leaseback transaction.

In July 2000, the Company issued $921 million in enhanced equipment trust certificates ("EETCs") to refinance certain owned aircraft and aircraft under operating leases. Net proceeds after refinancing the operating leases was $622 million. In December 2000, the Company issued an additional $1.5 billion in EETCs to finance certain owned aircraft and in August 2001, the Company issued $1.5 billion in EETCs to finance certain owned aircraft. Also during 2001, the Company issued $1.0 billion in long-term debt to finance the acquisition of aircraft.

In addition to scheduled principal payments, in 2000 the Company repaid $116 million in principal amount of debentures prior to maturity. The debentures were scheduled to mature at various times through 2021. An extraordinary loss of $6 million, net of tax

benefits of $4 million was recorded, reflecting amounts paid in excess of the debt carrying value.

At December 31, 2002, United had recorded $493 million in special facilities revenue bonds to finance the acquisition and construction of certain facilities at Los Angeles, San Francisco, Miami and Chicago. United guarantees the payment of these bonds under various payment and loan agreements. The bond proceeds are restricted to expenditures on the facilities and unspent amounts are classified as other assets in the Statements of Consolidated Financial Position.

Various assets, principally aircraft, having an aggregate book value of $11.0 billion at December 31, 2002, were pledged as security under various loan agreements.

The carrying amount of the Company's borrowings under the DIP Facility approximates the fair value. The fair value of the Company's debt included in liabilities subject to compromise cannot be reasonably estimated at December 31, 2002. The fair value of debt at December 31, 2001 was $6.9 billion.

(13) Lease Obligations

The Company leases aircraft, airport passenger terminal space, aircraft hangars and related maintenance facilities, cargo terminals, other airport facilities, real estate, office and computer equipment and vehicles. As allowed under Section 365 of the Bankruptcy Code, the Company may assume, assume and assign, or reject certain executory contracts and unexpired leases, including leases of real property, aircraft and aircraft engines, subject to the approval of the Bankruptcy Court and certain other conditions. Consequently, the Company anticipates that its liabilities pertaining to leases, and the amounts related thereto as discussed below, will change significantly in the future.

At December 31, 2002, scheduled future minimum lease payments under capital leases (substantially all of which are for aircraft) and operating leases having initial or remaining noncancelable lease terms of more than one year were as follows:

(In millions)	Operating Leases		Capital
	Aircraft	Non-aircraft	Leases
Payable during -			
2003	$ 985	$ 614	$ 318
2004	1,021	595	329
2005	1,034	582	298
2006	1,045	559	325
2007	1,025	620	451
After 2007	7,694	7,488	1,144
Total minimum lease payments	$ 12,804	$ 10,458	2,865
Imputed interest (at rates of 5.3% to 12.2%)			(805)
Present value of minimum lease payments			$ 2,060

As of December 31, 2002, United leased 300 aircraft, 59 of which were under capital leases. These leases have terms of 5 to 26 years, and expiration dates ranging from 2003 through 2018. Under the terms of all leases, United has the right to purchase the aircraft at the end of the lease term, in some cases at fair market value and in others at fair market value or a percentage of cost. The theoretical present value of United's future minimum lease payments under operating leases for aircraft and non-aircraft was $5.2 billion and $3.5 billion, respectively, at December 31, 2002.

Certain of the Company's aircraft lease transactions contain provisions such as put options giving the lessor the right to require the Company to purchase the aircraft at lease termination for a certain amount resulting in residual value guarantees. Leases containing this or similar provisions are recorded as capital leases on the statement of financial position and, accordingly, any and all residual value guarantee amounts contained in an aircraft lease are fully reflected as capital lease obligations on the Statements of Consolidated Financial Position.

In connection with the financing of certain aircraft accounted for as capital leases, United had on deposit at December 31, 2002 an aggregate 42 billion yen ($357 million), 387 million euro ($405 million) and $14 million in certain banks and had pledged an irrevocable security interest in such deposits to certain of the aircraft lessors. These deposits will be used to pay off an equivalent amount of recorded capital lease obligations.

Amounts charged to rent expense, net of minor amounts of sublease rentals, were $1.5 billion in 2002, $1.4 billion in 2001 and $1.5 billion in 2000. Included in 2002 rental expense was $11 million in contingent rentals, resulting from changes in interest rates for operating leases under which the rent payments are based on variable interest rates.

(14) Company-Obligated Mandatorily Redeemable Preferred Securities of a Subsidiary Trust

In December 1996, UAL Corporation Capital Trust I (the "Trust") issued $75 million of its 13 1/4% Trust Originated Preferred Securities (the "Preferred Securities") in exchange for 2,999,304 depositary shares, each representing 1/1000 of one share of Series B 12 1/4% preferred stock (see Note 15, "Serial Preferred Stock"). Concurrent with the issuance of the Preferred Securities and the related purchase by UAL of the Trust's common securities, the Company issued to the Trust $77 million aggregate principal amount of its 13 1/4% Junior Subordinated Debentures (the "Debentures") due 2026. The Debentures are and will be the sole assets of the Trust. The interest and other payment dates on the Debentures correspond to the distribution and other payment dates on the Preferred

Securities. Upon maturity or redemption of the Debentures, the Preferred Securities will be mandatorily redeemed. The Debentures are redeemable at UAL's option, in whole or in part, on or after July 12, 2004, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to the redemption date. Upon the repayment of the Debentures, the proceeds thereof will be applied to redeem the Preferred Securities.

There is a full and unconditional guarantee by UAL of the Trust's obligations under the securities issued by the Trust. However, the Company's obligations are subordinate and junior in right of payment to certain other of its indebtedness. UAL has the right to defer payments of interest on the Debentures by extending the interest payment period, at any time, for up to 20 consecutive quarters. If interest payments on the Debentures are so deferred, distributions on the Preferred Securities will also be deferred. During any deferral, distributions will continue to accrue with interest thereon. In addition, during any such deferral, UAL may not declare or pay any dividend or other distribution on, or redeem or purchase, any of its capital stock.

As a result of the Chapter 11 filing, the Company is in default to the Trust and is no longer making interest payments on the Debentures. As a result, the Trust will no longer have the funds available to pay distributions on the Preferred Securities and stopped accruing and paying such dividends in October 2002. The Trust is in default on the Preferred Securities. As the Company is a guarantor on the outstanding Debentures, as a result of the default, the Company has become a debtor to the holders of the Preferred Securities directly. This liability is a pre-petition liability and has been classified as liabilities subject to compromise. Additionally, the Company is no longer accruing for distributions on the Preferred Securities.

The fair value of the Preferred Securities at December 31, 2002 and 2001 was $3 million and $57 million, respectively.

(15) Serial Preferred Stock

At December 31, 2002, UAL had outstanding 3,203,177 depositary shares, each representing 1/1000 of one share of Series B 12 1/4% preferred stock, with a liquidation preference of $25 per depositary share ($25,000 per Series B preferred share) and a stated capital of $0.01 per Series B preferred share. Under its terms, any portion of the Series B preferred stock or the depositary shares is redeemable for cash after July 11, 2004, at UAL's option, at the equivalent of $25 per depositary share, plus accrued dividends. The Series B preferred stock is not convertible into any other securities, has no stated maturity and is not subject to mandatory redemption.

The Series B preferred stock ranks senior to all other preferred and common stock outstanding, except the Preferred Securities, as to receipt of dividends and amounts distributed upon liquidation. The Series B preferred stock has voting rights only to the extent required by law and with respect to charter amendments that adversely affect the preferred stock or the creation or issuance of any security ranking senior to the preferred stock. Additionally, if dividends are not paid for six cumulative quarters, the Series B preferred stockholders are entitled to elect two additional members to the UAL Board of Directors until all dividends are paid in full. Pursuant to UAL's restated certificate of incorporation, UAL is authorized to issue a total of 50,000 shares of Series B preferred stock.

On September 30, 2002, UAL announced that it was suspending the payment of dividends on the Series B preferred stock. As a result of the Chapter 11 filing, the Company is no longer accruing for dividends on the Series B preferred stock.

UAL is authorized to issue up to 15,986,584 additional shares of serial preferred stock.

(16) ESOP Preferred Stock

The following activity relates to UAL's outstanding ESOP preferred stocks (see Note 19, "Employee Stock Ownership Plans" for a description of the ESOPs):

	Class 1 ESOP	Class 2 ESOP	ESOP Voting
Balance December 31, 1999	12,100,463	948,036	12,625,323
Shares issued	539,177	855,998	3,073,968
Converted to common	(420,958)	(283,428)	(710,056)
Balance December 31, 2000	12,218,682	1,520,606	14,989,235
Shares issued	-	692,811	857,496
Converted to common	(359,780)	(239,705)	(603,107)
Balance December 31, 2001	11,858,902	1,973,712	15,243,624
Shares issued	-	980,724	-
Converted to common	(5,346,850)	(1,362,881)	(6,790,616)
Balance December 31, 2002	6,512,052	1,591,555	8,453,008

An aggregate of 17,675,345 shares of Class 1 and Class 2 ESOP Preferred Stock were issued to employees under the ESOPs. Each share of ESOP Preferred Stock is convertible into four shares of UAL common stock. Shares typically are converted to common as employees retire or otherwise leave the Company. The stock has a par value of $0.01 per share and is nonvoting. The Class 1 and Class 2 ESOP Preferred Stocks have a liquidation value of $126.96 per share. The Class 1 ESOP Preferred Stock provided a fixed annual dividend of $8.8872 per share, which ceased on March 31, 2000; the Class 2 does not pay a fixed dividend.

Class P, M and S Voting Preferred Stocks were established to provide the voting power to the employee groups participating in the ESOPs. Additional Voting Preferred Stock were issued as shares of the Class 1 and Class 2 ESOP Preferred Stock were allocated to employees. In the aggregate, 17,675,345 shares of Voting Preferred Stock were issued through the year 2000. The Voting Preferred Stock outstanding at any time commands voting power for approximately 55% of the vote of all classes of capital stock in all matters

requiring a stockholder vote, other than for the election of members of the Board of Directors. The Voting Preferred Stock has a par value and liquidation preference of $0.01 per share. The stock is not entitled to receive any dividends and is convertible into .0004 shares of UAL common stock.

Class Pilot MEC, IAM, SAM and I junior preferred stock (collectively "Director Preferred Stocks") were established to effectuate the election of one or more members to UAL's Board of Directors. One share each of Class Pilot MEC and Class IAM junior preferred stock is authorized and issued. The Company is authorized to issue ten shares each of Class SAM and Class I junior preferred stock. There were three shares of Class SAM and four shares of Class I issued at December 31, 2002. Each of the Director Preferred Stocks has a par value and liquidation preference of $0.01 per share. The stock is not entitled to receive any dividends and Class I was redeemed automatically upon "Sunset," which occurred March 7, 2003, as discussed below.

In September 2002, State Street Bank and Trust ("State Street") was appointed as an independent fiduciary for the ESOP. On September 27, 2002, State Street filed a Form 144 "Notice of Proposed Sale of Securities" ("Form 144") with the SEC to indicate it may sell up to 10,964,700 shares of UAL common stock over the next three months. On October 25, 2002, November 22, 2002 and December 9, 2002, State Street amended its Form 144 to sell an additional 4,040,758, 10,283,398 and 28,291,896, respectively. The shares of common stock are issuable upon the conversion of shares of Class 1 and Class 2 ESOP Preferred Stock held by the plan and are issued on a private placement basis to State Street. As of December 31, 2002, State Street had converted 6.0 million shares of ESOP Preferred Stock to an equivalent 24.0 million common shares and sold them on the open market, pursuant to the Form 144 as amended.

On December 9, 2002, the Company filed a motion with the Bankruptcy Court to prevent the sale of UAL common stock by substantial holders of equity or claims in order to protect its NOLs. (See Note 7, "Income Taxes.") The Bankruptcy Court issued a temporary injunction but permitted the Company to allow State Street to sell a certain number of shares. In January 2003, State Street was allowed to convert an additional 3.2 million shares of ESOP Preferred Stock to an equivalent 12.8 million common shares and sell them on the open market. On March 4, 2003, the Company announced it had received a private letter ruling from the IRS which would allow the Company to permit State Street to sell an additional 3.9 million shares of UAL common stock without jeopardizing its NOLs. State Street then converted 0.9 million shares of ESOP Preferred Stock to an equivalent 3.9 million common shares and sold them on the open market.

Also in September 2002, the United Air Lines, Inc. Pension and Welfare Plans Administrative Committee appointed AON Fiduciary Counselors, Inc. ("AON") as an independent fiduciary for the UAL Stock Funds offered in the Company's 401(k) plans. On September 27, 2002, AON filed a Form 144 with the SEC to indicate it may sell up to 10,577,325 shares of UAL common stock in the 401(k) plans. Simultaneous with the filing of the Form 144, AON directed Fidelity Investments ("Fidelity") and Frank Russell Trust Company ("Frank Russell") to cease the purchase of UAL common stock and to raise the amount of cash held in the UAL Stock Fund to 20% by selling UAL common stock. As of December 31, 2002, Fidelity and Frank Russell had sold all of the UAL common stock previously held by the plans.

Employee voting under the ESOP is determined by Voting Preferred Stock and not by Class 1 and Class 2 ESOP Preferred Stock. The Voting Preferred Stock will generally continue to represent approximately 55% of the aggregate voting power until "Sunset," even though the common stock issuable upon conversion of the ESOP stock may represent more or less than 55% of the fully diluted common stock of UAL. Sunset will occur when the common shares issuable upon conversion of Class 1 and Class 2 ESOP Preferred Stock, plus any common shares held by any other Company sponsored employee benefit plan, plus any available unissued ESOP shares held in the ESOPs, equal, in the aggregate, less than 20% of the common equity (generally common stock issued or issuable at the time of the recapitalization), and available unissued ESOP shares of UAL. For purposes of measuring the Sunset, employee ownership was approximately 33% at December 31, 2002. As a result of the additional sales of UAL common stock discussed above, employee ownership was reduced to less than 20% on March 7, 2003, thus triggering the Sunset.

(17) Common Stockholders' Equity

Changes in the number of shares of UAL common stock outstanding during the years ended December 31 were as follows:

	2002	2001	2000
Shares outstanding at beginning of year	54,984,178	52,538,692	50,776,583
Stock options exercised	-	34,000	187,400
Shares issued from treasury under compensation arrangements	181,401	53,242	32,458
Shares acquired for treasury	(1,398)	(40,097)	(1,326,877)
Forfeiture of restricted stock	-	-	(5,800)
Conversion of ESOP preferred stock	27,197,566	2,398,184	2,817,829
Other	6,216	157	57,099
Shares outstanding at end of year	82,367,963	54,984,178	52,538,692

During 2000, the Company repurchased 1,258,263 shares of common stock on the open market at a total purchase price of $81 million.

(18) Stock Options and Awards

The Company has granted options to purchase common stock to various officers and employees. The option price for all stock options is at least 100% of the fair market value of UAL common stock at the date of grant. Options generally vest and become exercisable in four equal, annual installments beginning one year after the date of grant, and generally expire in ten years.

The Company has also awarded shares of restricted stock to officers and key employees. These shares generally vest over a five-year period and are subject to certain transfer restrictions and forfeiture under certain circumstances prior to vesting. Unearned compensation, representing the fair market value of the stock at the measurement date for the award, is amortized to salaries and related costs over the vesting period. During 2002 and 2000, respectively, 175,000 and 23,000 shares of restricted stock were issued from treasury. No shares were issued in 2001. The amortization of restricted stock resulted in $1 million in compensation expense being recorded in 2002 and $2 million in each of the years 2001 and 2000. As of December 31, 2002, 263,800 shares were restricted and unvested.

SFAS No. 123 establishes a fair value based method of accounting for stock options. As discussed in Note 2(m), "Summary of Significant Accounting Policies - Stock Option Accounting," the Company has elected to continue using the intrinsic value method of accounting prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as permitted by SFAS No. 123, as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure."

The weighted-average grant date fair value of restricted shares issued was $3.03 for shares issued in 2002 and $51.83 for shares issued in 2000. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2002	2001	2000
Risk-free interest rate	4.8%	6.4%	6.4%
Dividend yield	0.0%	2.4%	2.4%
Volatility	46.0%	36.0%	35.0%
Expected life (years)	4.0	4.0	4.0

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

Stock option activity for the past three years was as follows:

	2002		2001		2000	
	Shares	Wtd Avg Exer Price	Shares	Wtd. Avg. Exer. Price	Shares	Wtd. Avg. Exer. Price
Outstanding at beginning of year	10,744,224	$ 47.44	7,660,472	$ 52.78	6,666,409	$ 52.42
Granted	5,785,975	$ 10.22	3,178,500	$ 34.50	1,447,600	$ 53.24
Exercised	-	-	(34,000)	$ 20.72	(187,400)	$ 23.96
Terminated	(2,078,049)	$ 39.42	(60,748)	$ 54.05	(266,137)	$ 67.50
Outstanding at end of year	14,452,150	$ 33.69	10,744,224	$ 47.44	7,660,472	$ 52.78
Options exercisable at year-end	6,567,992	$ 47.89	5,507,581	$ 48.72	4,200,748	$ 44.54
Reserved for future grants at year-end	14,051,244		5,166,804		8,284,556	
Wtd avg fair value of options granted during the year	$ 4.15		$ 11.90		$ 17.80	

The following information relates to stock options outstanding as of December 31, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Outstanding at December 31, 2002	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable at December 31, 2002	Weighted-Average Exercise Price
$ 2 to 13	5,185,660	9.3 years	$ 9.90	-	-
$ 14 to 29	2,127,290	2.9 years	$ 21.18	2,127,290	$ 21.18
$ 30 to 45	2,370,750	8.0 years	$ 37.47	651,200	$ 37.77
$ 46 to 59	2,045,100	5.5 years	$ 53.34	1,475,752	$ 53.34
$ 60 to 69	1,545,450	6.2 years	$ 62.76	1,185,100	$ 62.78
$ 70 to 92	1,177,900	5.3 years	$ 81.18	1,128,650	$ 81.30
	14,452,150			6,567,992	

(19) Employee Stock Ownership Plans

On July 12, 1994, the stockholders of UAL approved a plan of recapitalization to provide an approximately 55% equity interest in UAL to certain employees of United in exchange for wage concessions and work-rule changes. The employees' equity interest was allocated to individual employees through the year 2000 under ESOPs which were created as a part of the recapitalization.

The ESOPs cover employees represented by ALPA, the IAM and U.S. management and salaried employees and include a "Leveraged ESOP," a "Non-Leveraged ESOP" and a "Supplemental ESOP." Both the Leveraged ESOP and the Non-Leveraged ESOP are tax-qualified plans while the Supplemental ESOP is not a tax-qualified plan.

The equity interests were delivered to employees through two classes of preferred stock (Class 1 and Class 2 ESOP Preferred Stock, collectively "ESOP Preferred Stock"), and the voting interests were delivered through three separate classes of preferred stocks (Class P, M and S Voting Preferred Stock, collectively, "Voting Preferred Stock"). The Class 1 ESOP Preferred Stock was delivered to an ESOP trust in seven separate sales under the Leveraged ESOP, the last of which occurred on January 5, 2000. Based on Internal Revenue Code Limitations, shares of the Class 2 ESOP Preferred Stock were either contributed to the Non-Leveraged ESOP or allocated as "book entry" shares to the Supplemental ESOP annually through the year 2000. The classes of preferred stock are described more fully in Note 16, "ESOP Preferred Stock."

Shares of ESOP Preferred Stock were legally released or allocated to employee accounts as of year-end. The final allocation of shares occurred in March 2001 effective December 31, 2000. During 2002, 88,981 shares of Class 2 ESOP Preferred Stock previously allocated in book entry form were issued and either contributed to the qualified plan or converted and sold on behalf of terminating employees. In addition, during 2002, State Street began converting shares as discussed in Note 16, "ESOP Preferred Stock."

For the Class 2 ESOP Preferred Stock committed to be contributed to employees under the Supplemental ESOP, employees can elect to receive their "book entry" shares in cash upon termination of employment. At December 31, 2002, there were 360,831 book entry shares outstanding under the Supplemental ESOP. The estimated fair value of such shares at December 31, 2002 and 2001 is reflected in the Statements of Consolidated Financial Position.

(20) Retirement and Postretirement Plans

The Company has various retirement plans, both defined benefit and defined contribution, which cover substantially all employees. The Company also provides certain health care benefits, primarily in the U.S., to retirees and eligible dependents, as well as certain life insurance benefits to retirees. The Company has reserved the right, subject to collective bargaining agreements, to modify or terminate the health care and life insurance benefits for both current and future retirees. The amounts disclosed below do not reflect the impact of any changes to the benefit plans that might be contemplated as a result of the bankruptcy filing or negotiations with unions under the collective bargaining agreements.

The following table sets forth the reconciliation of the beginning and ending balances of the benefit obligation and plan assets, the funded status and the amounts recognized in the Statements of Consolidated Financial Position for the defined benefit and other postretirement plans as of December 31:

(In millions)				
Change in Benefit Obligation	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Benefit obligation at beginning of year	$10,095	$ 9,252	$ 2,359	$ 1,706
Service cost	399	352	100	68
Interest cost	809	722	211	149
Plan participants' contributions	2	1	11	11
Amendments	544	4	217	-
Actuarial (gain) loss	1,442	284	1,218	473
Curtailments	-	13	-	69
Foreign currency exchange rate changes	17	(15)	-	-
Benefits paid	(635)	(518)	(151)	(117)
Benefit obligation at end of year	$12,673	$10,095	$ 3,965	$ 2,359

Change in Plan Assets				
	2002	2001	2002	2001
Fair value of plan assets at beginning of year	$ 7,575	$ 8,511	$ 118	$ 116
Actual return on plan assets	(704)	(457)	6	7
Employer contributions	53	43	135	101
Plan participants' contributions	2	1	11	11
Foreign currency exchange rate changes	7	(5)	-	-

Benefits paid	(635)	(518)	(151)	(117)
Fair value of plan assets at end of year	$ 6,298	$ 7,575	$ 119	$ 118
Funded status	$(6,377)	$ (2,520)	$(3,846)	$(2,241)
Unrecognized actuarial (gains) losses	4,456	1,508	1,677	484
Unrecognized prior service costs	1,150	692	209	2
Unrecognized net transition obligation	13	15	-	-
Net amount recognized	$ (758)	$ (305)	$(1,960)	$(1,755)
Amounts recognized in the statement of financial position consist of:	2002	2001	2002	2001
Prepaid (accrued) benefit cost	$ (758)	$ (305)	$(1,960)	$(1,755)
Accrued benefit liability	(3,956)	(991)	-	-
Intangible asset	1,162	562	-	-
Accumulated other comprehensive income	2,794	429	-	-
Net amount recognized	$ (758)	$ (305)	$(1,960)	$(1,755)
Weighted-average assumptions	2002	2001	2002	2001
Discount rate	6.75%	7.50%	6.75%	7.50%
Expected return on plan assets	9.00%	9.75%	8.00%	8.00%
Rate of compensation increase	4.30%	4.20%	-	-

The assumed health care cost trend rate for gross claims paid was 10.0% for 2003 decreasing to an ultimate rate of 4.5% in 2009 and 8% for 2002 decreasing to an ultimate rate of 4.5% in 2006.

The net periodic benefit cost included the following components:

(In millions)	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Service cost	$ 399	$ 352	$ 269	$ 100	$ 68	$ 47
Interest cost	809	722	629	211	149	120
Expected return on plan assets	(822)	(805)	(740)	(9)	(9)	(9)
Amortization of prior service cost including transition obligation/(asset)	89	73	58	10	-	-
Curtailment charge	-	74	-	-	4	-
Recognized actuarial (gain)/loss	26	16	(7)	27	2	(9)
Net periodic benefit costs	$ 501	$ 432	$ 209	$ 339	$ 214	$ 149

Total pension expense for all retirement plans (including defined contribution plans) was $683 million in 2002, $629 million in 2001 and $302 million in 2000.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the plans with accumulated benefit obligations in excess of plan assets were $12.7 billion, $11.0 billion and $6.3 billion, respectively, as of December 31, 2002 and $10.1 billion, $8.9 billion and $7.6 billion, respectively, as of December 31, 2001.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care trend rate would have the following effects:

(In millions)	1% Increase	1% Decrease
Effect on total service and interest cost	$ 50	$ (40)
Effect on postretirement benefit obligation	$ 672	$ (539)

Changes in interest rates or rates of inflation may impact the assumptions used in the valuation of pension obligations and postretirement obligations including discount rates, rates of return on plan assets and rates of increase in compensation, resulting in increases or decreases in United's pension and postretirement liabilities and pension and postretirement costs.

The pension obligation and future pension expense both increase as the discount rate is reduced. Lowering the discount rate by 0.5% (from 6.75% to 6.25%) would increase the Company's pension obligation at December 31, 2002 by approximately $820 million and increase the estimated 2003 pension expense by approximately $85 million.

Pension expense increases as the expected rate of return on plan assets decreases. Lowering the expected long-term rate of return on plan assets by 0.5% (from 9.0% to 8.5%) would increase the estimated 2003 pension expense by approximately $40 million.

(21) Commitments, Contingent Liabilities and Uncertainties

General Guarantees and Indemnifications. In the normal course of business, the Company enters into numerous real estate leasing and aircraft financing arrangements that have various guarantees included in the contracts. These guarantees are primarily in the form of indemnities. In both leasing and financing transactions, the Company typically indemnifies the lessors, and any tax/financing parties against tort liabilities that arise out of the use, occupancy, operation or maintenance of the leased premises or financed aircraft. The Company currently believes that any future payments required under these guarantees or indemnities would be immaterial, as most tort liabilities and related indemnities are covered by insurance (subject to deductibles). Additionally, certain leased premises such as fueling stations or storage facilities include indemnities of such parties for any environmental liability that may arise out of or relate to the use of the leased premise.

Financings and Guarantees. In addition to common commercial lease transactions, United also enters into numerous long-term agreements to lease certain airport and maintenance facilities which are financed through tax-exempt special facilities revenue bonds and issued by various local municipalities to build or improve airport and maintenance facilities. Under these lease agreements, United is required to make rental payments in amounts sufficient to pay the maturing principal and interest payments on the bonds. At December 31, 2002, $1.2 billion principal amount of such bonds was outstanding. As of December 31, 2002, UAL and United had jointly guaranteed $35 million of such bonds and United had guaranteed $1.2 billion of such bonds, including accrued interest. The payments required to satisfy these obligations are included in the future minimum lease payments disclosed in Note 13, "Lease Obligations."

Third Party Guarantees. In conjunction with efforts to enhance the Star Alliance, in 1999 United agreed to guarantee a portion of third-party debt. The guarantee is set to expire in 2009 when the loan is due in full. United's maximum exposure to the guaranteed loan is approximately $106 million and will only trigger if the loan is in default. No liability was recorded by United at the time of the guarantee. United earns commitment fees on the maximum guaranteed amount of the loan. In addition, United may also earn drawdown fees on the outstanding loan balance based on a calculated formula, requiring the borrower to pay the incremental difference between United's credit rating and the borrower's. Upon drawdown on the guaranteed loan, United can seek reimbursement of the paid amount from the borrower plus interest at the Federal funds rate plus 2%. United has subordinate security interests on the aircraft purchased with the loan proceeds.

Fuel Consortiums. United also participates in numerous fuel consortiums with other carriers at major airports to reduce the costs of fuel distribution and storage. Interline agreements govern the rights and responsibilities of the consortium members and provide for the allocation of the overall costs to operate the consortium based on usage. The consortiums (and in limited cases, the participating carriers) have entered into long-term agreements to lease certain airport fuel storage and distribution facilities that are typically financed through tax-exempt bonds (either special facilities lease revenue bonds or general airport revenue bonds), issued by various local municipalities. In general, the consortium lease agreement requires the consortium to make lease payments in amounts sufficient to pay the maturing principal and interest payments on the bonds. As of December 31, 2002, approximately $450 million principal amount of such bonds are direct indebtedness of fuel consortiums at major hubs in which United participates. United's maximum exposure is approximately $210 million principal amount of such bonds based on United's past consortium participation and will only trigger if the other participating carriers or consortiums members default on their lease payments. The guarantees are set to expire when the tax-exempt bonds are paid in full, which ranges from 2010 to 2028. No liability was recorded by United at the time the indirect guarantees were made.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") which requires the consolidation of variable interest entities ("VIEs"), as defined. The Company is still evaluating whether special facilities revenue bonds and fuel consortiums should be considered VIEs under FIN 46.

EETC Debt. In 1997 and 2000, United issued EETCs to refinance certain owned aircraft and aircraft under operating leases. A portion of these proceeds are direct obligations of United and were recognized in the Statements of Consolidated Financial Position while certain proceeds were place in trusts not owned or affiliated with United. The proceeds placed in off-balance sheet trusts were used to refinance the remaining bank debt of the lessors in existing leveraged leases with United. As of December 31, 2002, approximately $300 million of these proceeds were placed in off-balance sheet trusts. For one of the trusts, United is the swap provider and pays fixed interest and receives variable interest which converts the trust's variable rate assets to fixed rate assets and converts United's variable rate lease payments to fixed rate lease payments.

The Company is still evaluating whether or not the EETC trusts are considered VIEs under FIN 46.

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

UAL records liabilities for legal and environmental claims against it in accordance with generally accepted accounting principles. These amounts are recorded based on the Company's assessments of the likelihood of their eventual settlements. The amounts of these liabilities could increase or decrease in the near term, based on revisions to estimates relating to the various claims. In addition, as a result of the bankruptcy filing, as of the Petition Date, virtually all pending litigation is stayed, and absent further order of the Bankruptcy Court, no party, subject to certain exceptions, may take any action, again subject to certain exceptions, to recover on pre-petition claims against the Debtors. Accordingly, the Company has classified certain of these liabilities as liabilities subject to compromise.

Commitments. At December 31, 2002, commitments for the purchase of property and equipment, principally aircraft, approximated $1.6 billion, after deducting advance payments. An estimated $0.1 billion will be spent in 2003, $0.3 billion in 2004, $0.4 billion in 2005, $0.4 billion in 2006 and $0.4 billion in 2007 and thereafter. The major commitments are for the purchase of A319, A320 and B777 aircraft, which are currently scheduled to be delivered through 2007.

In connection with the construction of the Indianapolis Maintenance Center, United agreed to spend an aggregate $800 million on capital investments by the year 2001 and employ at least 7,500 individuals by the year 2004. In the event such targets are not reached, United may be required to make certain payments to the city of Indianapolis and state of Indiana. As a result of the events of September 11 and the subsequent reduction in the Company's operations, headcount and capital spending, United repaid $34 million to the state and local governments in June of 2002 and has accrued for the additional estimated liability for 2004.

Approximately 80% of United's employees are represented by various labor organizations. The contracts with ALPA and the IAM become amendable in 2004 and with the AFA in 2006. The Company is in the process of negotiating with its labor unions to amend the existing contracts in light of the bankruptcy filing and United's need to cut costs. As described in Note 1, "Proceedings Under Chapter 11 of the Bankruptcy Code," Section 1113(c) of the Bankruptcy Code permits the Company to move to reject its labor contracts. On March 17, 2003, United filed a motion with the Bankruptcy Court to reject its labor contracts pursuant to Section 1113(c) and the Company expects to obtain a ruling on the motion by early May.

(22) Financial Instruments and Risk Management

Derivative Financial Instruments - Effective January 1, 2001, UAL adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), as amended. The adoption of SFAS No. 133 resulted in a cumulative charge of $8 million, net of tax, to 2001 earnings. This primarily related to the changes in fair values of certain equity warrants that were not designated as qualifying hedging instruments.

Hedges of Future Cash Flows

Foreign Currency - - United enters into forwards and currency swaps to reduce exposure to currency fluctuations on Japanese yen- and euro-denominated capital lease obligations. The cash flows of the forwards and swaps mirror those of the capital leases. These forwards and swaps have been designated as cash flow hedges of the foreign currency denominated lease payments. For these forwards and swaps, United excludes changes in fair value resulting from changes in the forward points in its assessment of effectiveness. Any gains or losses realized upon early termination of these forwards and swaps are recorded (net of tax) as a component of other comprehensive income and recognized in income as the hedged transaction impacts earnings. As a result of the bankruptcy filing, all swaps and forwards were terminated by the respective counterparties while out of the money. The outstanding liabilities for these swaps and forwards are recorded as liabilities subject to compromise.

The Company hedges some of the risks of exchange rate volatility on its anticipated future Japanese yen, euro, Canadian dollar, Australian dollar and British pound revenues by purchasing put options and on Hong Kong dollar revenues by entering into forward contracts. These options and forwards have a duration of less than one year and the amounts are synchronized with the expected cash receipts. Accordingly, the put options and forwards have been designated as cash flow hedges of the anticipated cash receipts. Changes in the fair value of purchased put option contracts, to the extent they are effective, are recorded as a component of other comprehensive income (net of tax) and then recognized as a component of passenger revenue when the underlying hedged revenue is recorded. United excludes, in its assessment of effectiveness, changes in the fair value of these instruments that are a result of changes in their time value. As of December 31, 2002, the Company has no outstanding currency hedges.

Aircraft Fuel - From time to time, United uses crude oil and heating oil forwards and options to hedge a portion of its price risk related to aircraft fuel purchases. These contracts have maturity dates of less than two years and have been designated as cash flow hedges of anticipated jet fuel purchases. These contracts are recorded at fair value with the changes in fair value, to the extent they are effective, recorded in other comprehensive income (net of tax), until the underlying hedged fuel is consumed. The Company determines the ineffective portion of the fuel forwards and options as the change in the fair value of the hedge contracts compared to the change in expected cash outflows for the hedged jet fuel. United excludes, in its assessment of effectiveness, changes in the fair value of these instruments that are a result of changes in their time value. As a result of the bankruptcy filing, all fuel hedges were terminated by the respective counterparties. The gain that resulted from the early termination of the hedges is recorded as a component of other comprehensive income and will be reclassified into earnings in the period of the original maturity of the hedges.

Interest Rate - United is a party to a series of interest rate swaps that convert floating-rate operating leases to fixed-rate leases. United has designated these swaps as cash flow hedges of the floating-rate leases and has recorded these contracts at fair value with the effective portion recorded as a component of other comprehensive income (net of tax). As of December 31, 2002, United had $130 million notional amount of interest rate swaps outstanding with a fair value to United of $(27) million.

The ineffectiveness resulting from the changes in fair value of aircraft fuel and interest rate hedge positions was immaterial. There was no ineffectiveness resulting from the changes in fair value of foreign currency hedge positions reported in earnings. Amounts excluded from the assessment of effectiveness amounted to approximately $1 million before income taxes and were recorded in "Miscellaneous, net."

The following is a reconciliation of current period changes of the portion of stockholders' equity relating to derivatives that qualify as cash flow hedges:

(In millions)	(decrease)/increase
Balance as of December 31, 2001	$ (46)

Current period increase in fair value	4
Reclassifications into earnings	12
Balance as of December 31, 2002	$ (30)

Of this amount, $5 million in losses is expected to be recorded into earnings within the next twelve months. At December 31, 2002, the term of derivative instruments hedging variability in cash flows, except those related to payment of variable interest on existing financial instruments, was sixteen years.

Other Derivative Instruments Not Designated as Hedges

Foreign Currency - From time to time, United enters into Japanese yen forward exchange contracts to minimize gains and losses on the revaluation of short-term yen-denominated liabilities. The yen forwards, typically having short-term maturities, are not designated hedges under SFAS No. 133 and are marked to fair value through the income statement at the end of each accounting period. The unrealized mark-to-market gains and losses generally offset the losses and gains recorded on the yen liabilities.

To reduce hedging costs, the Company sells a correlation option denominated in Japanese yen, euros, Canadian dollars, Australian dollars and British pounds. These correlation options are not designated as a hedge and the changes in the fair market value of the correlation options are included in "Miscellaneous, net."

(23) Segment Information

In the first quarter of 2002, the Company made changes to its corporate structure which resulted in substantially all of UAL's customer loyalty and on-line travel marketing programs (which were previously the responsibility of United) becoming owned and operated by ULS. ULS had been United's agent to market and sell Mileage Plus miles to non-airline business partners beginning in October of 2000. In the first quarter of 2002, ULS assumed direct responsibility for these relationships rather than as an agent of United. The above changes were designed to increase the overall value of UAL's loyalty businesses by focusing management attention on these activities and enhancing the range of products and services offered to Mileage Plus members and business partners. United remains responsible for all Mileage Plus airline partnerships and the setting of airline mileage accruals and award levels and airline-related loyalty recognition levels. As both United and ULS remain wholly owned subsidiaries of UAL, there is no impact to UAL's consolidated results of operations or statements of financial position for these transactions.

As a result of the transactions described in the previous paragraph, the Company has adjusted its segment reporting structure. UAL now has five reportable segments which reflect the current management of the business: North America, the Pacific, the Atlantic and Latin America which are part of United, and ULS. Prior year information has been restated to reflect the change to UAL's reportable segments; however, the 2001 and 2000 information does not reflect the change in arrangements between United and ULS which occurred in the first quarter of 2002.

In accordance with DOT guidelines, the Company allocates passenger and cargo revenues for the North America segment based on the actual flown revenue for flights with an origin and destination in the U.S. Passenger and cargo revenue for international segments is based on the actual flown revenue for flights with an origin or destination in that segment. Other revenues that are not directly associated with a flight (such as Red Carpet Club membership fees) are allocated based on available seat miles flown in that segment.

The accounting policies for each of these segments are the same as those described in Note 2, "Summary of Significant Accounting Policies," except that segment financial information has been prepared using a management approach which is consistent with how the Company's management internally disperses financial information for the purpose of making internal operating decisions. UAL evaluates performance based on earnings before income taxes, special charges and gains on sales. A reconciliation of the total amounts reported by reportable segments to the applicable amounts in the consolidated financial statements follows:

(In millions)	Year Ended December 31, 2002							
	United Air Lines, Inc.						Inter-	UAL
	North America	Pacific	Atlantic	Latin America	ULS	Other	segment Elimination	Consolidated Total
Revenue	$8,840	$2,415	$1,830	$ 477	$ 703	$ 21	-	$ 14,286
Intersegment revenue	221	68	53	12	51	4	(409)	-
Interest income	74	20	15	4	6	(59)	-	60
Interest expense	338	126	106	31	60	(71)	-	590
Equity in earnings (losses) of affiliates	1	-	-	-	(8)	-	-	(7)
Depreciation and amortization	599	175	138	36	12	-	-	960
Earnings before income taxes, special charges, gains on sales and stabilization grant	(2,298)	(565)	(369)	(194)	226	(22)	-	(3,222)

(In millions)	Year Ended December 31, 2001							
	United Air Lines, Inc.						Inter-	UAL
	North			Latin			segment	Consolidated

	North America	Pacific	Atlantic	Latin America	ULS	Other	Elimination	Total
Revenue	$10,664	$2,663	$2,081	$ 679	$ 27	$ 24	-	$ 16,138
Intersegment revenue	-	-	-	-	175	30	(205)	-
Interest income	63	16	12	4	9	1	-	105
Interest expense	329	81	101	29	-	(15)	-	525
Equity in earnings (losses) of affiliates	4	1	1	-	(29)	-		(23)
Depreciation and amortization	689	161	153	18	5	-	-	1,026
Earnings before income taxes, special charges, gains on sales and stabilization grant	(1,771)	(580)	(386)	(141)	96	(11)	-	(2,793)

(In millions)	Year Ended December 31, 2000							
	United Air Lines, Inc.						Inter-segment	UAL Consolidated
	North America	Pacific	Atlantic	Latin America	ULS	Other	Elimination	Total
Revenue	$13,094	$3,161	$2,260	$ 816	$ -	$ 21	-	$ 19,352
Intersegment revenue	-	-	-	-	22	-	(22)	-
Interest income	55	23	16	5	1	1	-	101
Interest expense	234	95	66	21	-	(14)	-	402
Equity in earnings (losses) of affiliates	(5)	(2)	(1)	-	(4)	-		(12)
Depreciation and amortization	628	176	141	43	-	-	-	988
Earnings before income taxes, special charges, gains on sales and stabilization grant	285	73	108	12	5	39	-	522

(In millions)	2002	2001	2000
Total earnings for reportable segments	$ (3,200)	$ (2,782)	$ 483
Special charges, including reorganization items	(159)	(1,477)	(200)
Airline stabilization grant	130	652	-
Gains on sales	46	261	109
Other UAL subsidiary earnings	(22)	(11)	39
Total earnings (loss) before income taxes, distributions on preferred securities, extraordinary item and cumulative effect	$ (3,205)	$ (3,357)	$ 431

UAL's operations involve an insignificant level of dedicated revenue producing assets by reportable segment. The overwhelming majority of United's revenue producing assets can be deployed in any of the four reportable segments, as any given aircraft may be used in multiple segments on any given day. Therefore, United allocates depreciation and amortization expense associated with those assets on the basis of available seat miles flown in each segment. In addition, UAL has significant intangible assets related to the acquisition of its Atlantic and Latin America route authorities. ULS has $379 million in total assets as of December 31, 2002.

(24) Statement of Consolidated Cash Flows - Supplemental Disclosures

Supplemental disclosures of cash flow information and non-cash investing and financing activities were as follows:

(In millions)	2002	2001	2000
Cash paid during the year for:			
Interest (net of amounts capitalized)	$ 493	$ 393	$ 298
Income taxes	58	42	23
Acquisition of MyPoints.com:			
Fair value of:			
Assets acquired	-	151	-
Liabilities assumed	-	(33)	-
Cash paid	-	118	-
Less cash acquired	-	(86)	-
Net cash paid for acquisitions	-	32	-
Non-cash transactions:			
Capital lease obligations incurred	-	-	339
Long-term debt incurred in connection			

with additions to equipment	730	669	32
Increase in pension intangible assets	600	307	107
Net unrealized gain (loss) on investments	(24)	(173)	(196)

(25) Selected Quarterly Financial Data (Unaudited)

(In millions, except per share)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
2002:					
Operating revenues	$ 3,288	$ 3,793	$ 3,737	$ 3,468	$ 14,286
Loss from operations	(711)	(485)	(646)	(995)	(2,837)
Net loss	$ (510)	$ (341)	$ (889)	$ (1,472)	$ (3,212)
Per shares amounts, basic and diluted:					
Net loss	$ (9.22)	$ (6.08)	$ (15.57)	$ (20.70)	$ (53.55)
2001:					
Operating revenues	$ 4,424	$ 4,658	$ 4,107	$ 2,949	$ 16,138
Loss from operations	(391)	(469)	(2,025)	(886)	(3,771)
Loss before cumulative effect	(305)	(365)	(1,159)	(308)	(2,137)
Cumulative effect of accounting change, net	(8)	-	-	-	(8)
Net loss	$ (313)	$ (365)	$ (1,159)	$ (308)	$ (2,145)
Per share amounts, basic and diluted:					
Loss before cumulative effect	$ (5.82)	$ (6.87)	$ (21.43)	$ (5.68)	$ (39.90)
Cumulative effect of accounting change, net	(0.15)	-	-	-	(0.14)
Net loss	$ (5.97)	$ (6.87)	$ (21.43)	$ (5.68)	$ (40.04)

The sum of quarterly earnings (loss) per share amounts is not the same as annual earnings (loss) per share amounts because of changing numbers of shares outstanding.

During the first quarter of 2002, UAL recorded a special charge of $82 million in connection with the closing of its wholly owned subsidiary Avolar. Also during the first quarter of 2002, UAL sold its remaining investment in Cendant Corporation and recognized a gain of $46 million in non-operating income.

During the second and third quarters of 2002, United recognized $80 million and $50 million, respectively, in compensation under the Act as non-operating income.

In the third quarter of 2002, UAL recorded $418 million in non-cash tax expense to establish a valuation allowance against its deferred tax asset. Additionally, in the fourth quarter of 2002, UAL recorded $326 million in additional non-cash tax expense to achieve a 0% effective tax rate for the full year.

In the fourth quarter of 2002, UAL recorded a special charge of $67 million for severance related to furloughs announced for various employee groups. In addition, UAL recorded $10 million in reorganization items related to its bankruptcy filing in non-operating expense.

During the second quarter of 2001, UAL recorded a special charge of $116 million for costs associated with a terminated merger with US Airways Group, Inc.

During the third quarter of 2001, UAL recorded a special charge of $1.3 billion in operating expense and $49 million in non-operating expense for amounts relating to the September 11 terrorist attacks. Additionally, in the third and fourth quarters of 2001, UAL recognized $391 million and $261 million, respectively, in compensation under the Act as non-operating income.

During the fourth quarter of 2001, United recognized a gain of $261 million on the sale of its investments in Galileo and Cendant.

Each of the above items is described more fully in Note 3, "Special Charges."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

For information regarding the Company's change in independent auditors from Arthur Andersen LLP to Deloitte and Touche LLP, please refer to UAL's Form 8-K filed with the SEC on May 2, 2002.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Directors.

Glenn F. Tilton. Age 54. Director since September 2002. Mr. Tilton has been Chairman, President and Chief Executive Officer of the Company and United since September 2002. From October 2001 until August 2002, he served as Vice Chairman of ChevronTexaco Corporation (global energy). From February 2001 until October 2001 he served as Chairman and Chief Executive Officer of Texaco, Inc. From January 1997 until February 2001 he served as President of Texaco's Global Business Unit. He serves as a Director of Lincoln National Corporation.

W. James Farrell. Age 60. Director since 2001. Mr. Farrell has been Chairman and Chief Executive Officer of Illinois Tool Works Inc. (manufacturing and marketing of engineered components) for the past five years. Mr. Farrell also currently serves as a Director of Allstate Insurance Company, Illinois Tool Works Inc., Kraft Foods, Inc. and Sears, Roebuck and Company.

James J. O'Connor. Age 66. Director since 1984. Mr. O'Connor has been retired Chairman and Chief Executive Officer since 1998 and served as Chairman and Chief Executive Officer of Unicom Corporation (holding company) from 1994 to 1998 and its wholly owned subsidiary, Commonwealth Edison Company (supplier of electricity) from 1980 to 1998. He serves as a Director of Corning Incorporated, Smurfit-Stone Container Corporation and Tribune Company.

Paul E. Tierney, Jr. Age 60. Director since 1990. Mr. Tierney has been a General Partner at Darwin Capital Partners (investment management) since 1999 and as a Managing Member of Development Capital, LLC (investment management) since 1997. He serves as a Director of Liz Claiborne, Inc.

Richard D. McCormick. Age 62. Director since 1994. Mr. McCormick has been Chairman Emeritus since 1999 and served as Chairman from 1992 to 1999 of US WEST, Inc. (telecommunications). From 1996 to 1998 he served as President and from 1991 to 1998 as Chief Executive Officer of US WEST. He serves as a Director of Wells Fargo & Company and United Technologies Corporation. Mr. McCormick was nominated by the Independent Director Nomination Committee and elected in 2002, pursuant to the terms of a stockholders agreement, by the holders of UAL's Class I Stock (the Company, ALPA and IAM). At the time Sunset occurred (March 7, 2003), the Class I Stock was automatically redeemed. In the future, Mr. McCormick and the other directors elected by the holders of the Class I Stock or their replacements will be elected by the UAL common stockholders.

Hazel R. O'Leary. Age 65. Director since 1999. Ms. O'Leary has been President of O'Leary & Associates (energy services and investment strategy) since 2002. From 2000 to 2002 she served as President and Chief Operating Officer of Blaylock & Partners (investment banking). From 1997 to 2000 she served as President of O'Leary & Associates. From 1993 to 1997, she served as Secretary at the U.S. Department of Energy (government). She serves as a Director of The AES Corporation and Scottish Annuity & Life Holdings, Ltd. Ms. O'Leary was nominated by the Independent Director Nomination Committee and elected in 2002, pursuant to the terms of a stockholders agreement, by the holders of UAL's Class I Stock (the Company, ALPA and the IAM).

John K. Van de Kamp. Age 67. Director since 1994. Mr. Van de Kamp serves as President of the Thoroughbred Owners (trade association) of California and is Of Counsel for Dewey Ballantine (law firm), both since 1996. Mr. Van de Kamp was nominated by the Independent Director Nomination Committee and elected in 2002, pursuant to the terms of a stockholders agreement, by the holders of UAL's Class I Stock (the Company, ALPA and the IAM).

John H. Walker. Age 45. Director since 2002. Mr. Walker has been the Chief Executive Officer since 2001 and from 2001 to 2000 has been President and Chief Operating Officer of Weirton Steel Corporation (steel manufacturer). From 1997 to 2000 he was President of Flat Rolled Products, a division of Kaiser Aluminum Corporation, and from 1996 to 1997 he served as Vice President, Operations of Kaiser Aluminum Corporation, a aluminum company that filed for protection under federal bankruptcy laws on February 12, 2002. He serves as a Director of Weirton Steel Corporation. Mr. Walker was nominated by the Independent Director Nomination Committee and elected in 2002, pursuant to the terms of a stockholders agreement, by the holders of UAL's Class I Stock (the Company, ALPA and IAM).

Paul R. Whiteford, Jr. Age 52. Director since 2002. Captain Whiteford has served as Chairman since 2002 and was Vice-Chairman from 2000 to 2001 of ALPA-MEC (labor union). He has been a United B767 Captain since 1990. Captain Whiteford was nominated by the ALPA-MEC and elected in 2002 by the United Airlines Pilots Master Executive Council, ALPA, the holder of UAL's Class Pilot MEC stock.

Stephen R. Canale. Age 58. Director since 2002. Mr. Canale has served as President and Directing General Chairman since 1999 and was Assistant General Chairman in 1997 of the IAM District Lodge 141 (labor union). Mr. Canale was nominated by the IAM and elected in 2002 by the International Association of Machinists and Aerospace Workers, the holder of UAL's Class IAM stock.

W. Douglas Ford. Age 59. Director since 2002. Mr. Ford served as the Chief Executive of Refining & Marketing in 1999 and as the Executive Director from 2000 to 2002 of BP p.l.c. (petroleum and petrochemicals holding company). From 1993 to 1999 he served as Executive Vice President of Amoco Corporation (oil company). He serves as a Director of USG Corporation. Mr. Ford was nominated by the System Roundtable, a body of salaried and management employees of United, and elected in 2002 by the holders of UAL's Class SAM stock, who are W. Douglas Ford, the Salaried/Management Employee Director and Sara A. Fields, United's Senior Vice President-People.

Executive Officers of the Registrant

Information regarding the executive officers of the Company is as follows:

Frederic F. Brace. Age 45. Mr. Brace has been Executive Vice President and Chief Financial Officer of the Company and United since August 2002. From September 2001 until August 2002, Mr. Brace served as the Company and United's Senior Vice President and Chief Financial Officer. From July 1999 until September 2001, Mr. Brace had served as United's Senior Vice President - - Finance and Treasurer. From February 1998 through July 1999, he served as Vice President - Finance of United.

Douglas A. Hacker. Age 47. Mr. Hacker has been Executive Vice President - - Strategy of the Company and United since December 2002. From September 2001 until December 2002, Mr. Hacker served as United's Executive Vice President and President of UAL Loyalty Services, Inc. From July 1999 to September 2001, Mr. Hacker had served as the Company's Executive Vice President and Chief Financial Officer and as United's Executive Vice President Finance & Planning and Chief Financial Officer. From February 1996 to September 2001, he served as Senior Vice President and Chief Financial Officer.

Francesca M. Maher. Age 45. Ms. Maher has been Senior Vice President, General Counsel and Secretary of the Company and United since October 1998. From June 1997 until October 1998, she served as Vice President, General Counsel and Secretary of the Company and United. Previously, she served as Vice President - Law and Corporate Secretary of the Company and Vice President - - Law, Deputy General Counsel and Corporate Secretary of United.

Peter D. McDonald. Age 51. Mr. McDonald has been Executive Vice President - Operations of the Company and United since September 2002. From January 2002 until September 2002, Mr. McDonald served as United's Senior Vice President - Airport Operations. From May 2001 until January 2002, he served as United's Senior Vice President - Airport Services. From July 1999 until May 2001, he served as Vice President - Operational Services. From July 1995 until July 1999, he served as Managing Director - Los Angeles Metro Area.

Glenn F. Tilton. See information regarding Mr. Tilton above under Directors.

There are no family relationships among the executive officers or the directors of the Company. The executive officers of the Company serve at the discretion of the Board of Directors.

ITEM 11. EXECUTIVE COMPENSATION.

Director Compensation

UAL does not pay its directors who are also employees of UAL additional compensation for their services as directors. In 2002, compensation for non-employee directors included the following:

-- annual retainer of $18,000;

-- $900 for each board and board committee meeting attended;

-- annual retainer of $2,700 to committee chairmen (other than chair of Compensation Administration Committee); the chairs of the CAP and Transaction Committees were only paid for the quarters in which the Committees were active;

-- expenses of attending board and committee meetings;

-- 400 shares of common stock; and

-- 189 deferred stock units representing common stock.

Under the Company's stock ownership guidelines, it is recommended that UAL directors keep the 400 shares they receive each year while they serve are on the Board. They may also elect to receive some or all of their cash retainers and fees in UAL common stock, as well as to defer their stock and cash compensation for tax purposes. The deferred stock units are unfunded and are settled in shares of UAL common stock after the director leaves the Board.

UAL considers it important for its directors to understand UAL's business and have exposure to UAL's operations and employees. For this reason, UAL provides free transportation and free cargo shipment on United to its directors and their spouses and eligible dependent children. UAL reimburses its directors for federal and state income taxes resulting from actual use of the travel and shipment privileges. A director who retires from the Board with at least five years of UAL creditable service will receive free travel, subject to certain exceptions.

The cost of this policy in 2002 for each director, including cash payments made in January and October 2002 for income tax liability, was as follows:

Name	Cost($)	Name	Cost($)
Stephen R. Canale	1,009	Hazel R. O'Leary	5,010

John W. Creighton, Jr. (1)	1,448	John F. Peterpaul (1)	10,759
Rono J. Dutta (1)	60,543	Paul E. Tierney, Jr.	147,485
W. James Farrell	73,018	Glenn F. Tilton	2,638
W. Douglas Ford	8,447	John K. Van de Kamp	54,758
Richard D. McCormick	75,555	John H. Walker	20,635
James J. O'Connor	79,442	Paul R. Whiteford, Jr.	24,286

(1) Messrs. Creighton, Dutta and Peterpaul each ceased to be a director of UAL in 2002.

Compensation Committee Interlocks and Insider Participation

Mr. Tilton and Captain Whiteford serve on the Compensation Committee, but not the Compensation Administration Committee. Mr. Tilton, Captain Whiteford and Mr. Canale are employees of United. Captain Whiteford is also the Chairman of the ALPA-MEC and an officer of ALPA. ALPA and UAL are parties to a collective bargaining agreement for its pilots represented by ALPA. Mr. Canale is President and Directing General Chairman of the IAM District Lodge 141. UAL and the IAM are parties to a collective bargaining agreement for its ramp and stores, public contact employees, food service, security officers and Mileage Plus employees represented by the IAM.

Executive Compensation

Summary Compensation Table

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)(1)	Restricted Stock Awards ($)(2)	Securities Underlying Options/SARs (#)	LTIP Payouts ($) (3)	All Other Compensation ($)
Glenn F. Tilton Chairman, President, Chief Executive Officer	2002	312,314	3,000,000	88,683	287,000	1,150,000	0	4,500,000(4)
John W. Creighton	2002	0	250,000	1,398	0	0	0	0
Former Chairman and Chief Executive Officer	2001	0	0	11,364	0	400,000	0	0
Rono J. Dutta Former President	2002	448,000	0	59,537	0	220,000	0	1,787,996(5)
	2001	600,000	0	17,633	0	145,700	0	47,741
	2000	556,379	118,062	39,739	0	78,000	0	35,670
Douglas A. Hacker Executive Vice President - Strategy	2002	524,100	192,880	111,260	0	0	161,693	37,387(6)
	2001	515,000	192,880	70,037	0	60,700	160,116	41,482
	2000	464,583	109,316	9,001	0	65,000	0	25,622
Andrew P. Studdert Former Executive Vice President and Chief Operating Officer	2002	389,000	0	24,565	0	220,000	0	1,577,267(7)
	2001	515,000	0	6,562	0	121,400	0	21,271
	2000	451,042	85,586	4,634	0	65,000	0	30,120
Frederic F. Brace	2002	445,717	0	33,552	82,000	200,000	0	9,884(8)

Executive Vice President and Chief Financial Officer	2001	350,953	0	38,193	0	52,300	0	12,166
Peter D. McDonald Executive Vice President - Operations	2002	301,818	0	32,913	58,500	157,650	0	8,963(9)
Francesca M. Maher Senior Vice President, General Counsel and Secretary	2002	353,373	0	29,906	0	100,000	0	7,472(10)
	2001	347,500	0	38,507	2,419(2)	26,000	0	10,053
	2000	296,745	60,477(2)	9,592			0	19,190

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(1) The amounts represented under "Other Annual Compensation" include payments to the named executive officers to cover their tax liabilities incurred in connection with the free transportation and cargo shipment on United that it provides to the officers. With respect to Mr. Tilton, the other annual compensation amount for 2002 includes $43,643 for temporary living expenses and a payment to cover the tax liabilities incurred in connection with the payment for the temporary living expenses. With respect to Mr. Creighton, the other annual compensation does not include amounts related to temporary living expenses and temporary office space, which are described below under "Employment Contracts and Arrangements--Mr. Creighton's Retirement Arrangements."

(2) The number and value of restricted stock holdings at December 31, 2002 for each of Messrs. Brace, Dutta, Hacker, McDonald and Studdert is 25,000 shares and $35,750, respectively. These grants vest 100% five years from the date of grant. For Mr. Tilton the number and value of restricted stock holdings at December 31, 2002 is 100,000 shares and $143,000. This grant vests in four annual installments beginning on September 2, 2003. With respect to Messrs. Dutta and Studdert, their restricted shares were forfeited in connection with their recent termination as executive officers. Dividends are paid on these restricted shares/units to the extent paid on our common stock. Ms. Maher elected to receive a portion of her 2000 incentive award in deferred stock units under our incentive program. As a result of this election, she was credited with a restricted stock unit award in 2001. These units are subject to forfeiture if withdrawn prior to January 1, 2006.

(3) Represents a payment under the UAL Loyalty Services ("ULS") long-term incentive plan equal to Mr. Hacker's vested interest in net value created of ULS' asset portfolio upon a liquidating event involving a sale of a portfolio asset as described in the Executive Compensation report.

(4) For Mr. Tilton, amount represents $4.5 million paid by the Company into three secular trusts on Mr. Tilton's behalf. The secular trusts are described in more detail under "Employment Contracts and Arrangements - Mr. Tilton's Employment Agreement."

(5) For Mr. Dutta, amount in 2002 includes $46,041 in split dollar life insurance premiums, $1.6 million as severance (based on two times his annual salary less $2,000 a month for the term of his agreement) under his employment agreement $50,000, representing a payment of $2,000 per month from September 2002 through September 2004 in connection with his resignation from the Company (as described in more detail under "Employment Contracts and Arrangements - Mr. Dutta's Agreement") and $91,955 in accrued but unused vacation.

(6) For Mr. Hacker, amount in 2002 includes $37,387 in split dollar life insurance premiums.

(7) For Mr. Studdert, amount in 2002 includes $20,574 in split dollar life insurance premiums, $1.452 million as severance (based on two times his annual salary less $1,000 a month for the term of his agreement) under his employment agreement $25,000, representing a payment of $1,000 per month from September 2002 through September 2004 in connection with his resignation from the Company (as described in more detail under "Employment Contracts and Arrangements - Mr. Studdert's Agreement") and, $79,693 in accrued but unused vacation.

(8) For Mr. Brace, amount in 2002 includes $9,884 in split dollar life insurance premiums.

(9) For Mr. McDonald, amount in 2002 includes $8,963 in split dollar life insurance premiums.

(10) For Ms. Maher, amount in 2002 includes $7,472 in split dollar life insurance premiums.

Option Grants in 2002

The table below provides information about stock options that UAL granted during 2002 to the officers named in the Summary Compensation Table. The hypothetical present values of stock options granted in 2002 are calculated under a modified Black-Scholes model, a mathematical formula used to value options. The actual amount realized upon exercise of stock options will depend upon the amount by which the market price of common stock on the date of exercise is greater than the exercise price. The officers will not be able to realize a gain from the stock options granted unless, during the exercise period, the market price of common stock exceeds the exercise price of the options.

Name	Number of Securities Underlying Options Granted(#)(1)	% of Total Options Granted to Employees in Fiscal Year(2)	Exercise Or Base Price ($/Sh)	Expiration Date	Hypothetical Present Value at Date of Grant $(3)
Glenn F. Tilton	1,150,000	19.9	3.03	9/1/12	1,460,500
John W. Creighton, Jr.	0	-	-	-	-

Rono J. Dutta	220,000	3.8	13.12	(2)	1,210,000
Frederic F. Brace	125,000 75,000	2.2 1.3	13.12 3.48	2/26/12 8/27/12	687,500 109,500
Douglas A. Hacker	0	-	-	-	-
Andrew P. Studdert	220,000	3.8	13.12	(2)	1,210,000
Francesca M. Maher	100,000	1.7	13.12	2/26/12	550,000
Peter D. McDonald	82,650 75,000	1.4 1.3	12.61 2.43	2/26/12 10/23/12	436,392 76,500

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(1) All options become exercisable in four equal annual installments commencing February 27, 2003, one year from the date of grant, except Mr. Tilton's which becomes exercisable in four equal annual installments commencing on September 2, 2003, Mr. Brace's option for 75,000, which becomes exercisable in four equal annual installments commencing on August 28, 2003, and Mr. McDonald's option for 75,000, which becomes exercisable in four equal annual installments commencing on October 24, 2003. The options are transferable, at each officer's election, to certain family members.

(2) Messrs. Dutta and Studdert's options were cancelled on September 13, 2002 in connection with their departure from UAL.

(3) To realize hypothetical present values upon the exercise of the options, the market price would have to increase to $18.62 for the February 26, 2002 grant; $4.30 for the September 2, 2002 grant; $4.94 for the August 28, 2002 grant; and $3.45 for the October 24, 2002 grant. The modified Black-Scholes model used to calculate the hypothetical values at date of grant considers a number of factors to estimate the option's present value, including the stock's historic volatility calculated using the monthly closing price of common stock over a 91 month period ending February 2002, the estimated average holding period of the option, interest rates and the stock's expected dividend yield. The assumptions used in the valuation of the options were: stock price volatility of .46, holding period of 4 years, interest rate of 4.8%, and dividend yield of 0%.

There is no assurance that the hypothetical present values of stock options presented in the table above represent the actual values of the options, and the hypothetical values shown should not be viewed as UAL's predictions of the future value of common stock.

Aggregated 2002 FY-End Option Values (1)

The table below provides information about stock options held at the end of 2002 by the officers named in the Summary Compensation Table. The value of those options at year-end is based on the difference between the fair market value of the underlying securities on that date and the option exercise price. No options were exercised by these officers in 2002.

Name	**Number of Securities Underlying Unexercised Options at FY-End (#) Exercisable/Unexercisable (1)**	**Value of Unexercised In-the-Money Options at FY-End ($) Exercisable/Unexercisable**
Glenn F. Tilton	0/1,150,000	0/0
John W. Creighton	400,000/0	0/0
Rono Dutta	(2)	0/0
Frederic F. Brace	153,025/260,875	0/0
Douglas A. Hacker	299,850/94,350	0/0
Andrew P. Studdert	(2)	0/0
Francesca M. Maher	127,025/159,975	0/0
Peter D. McDonald	31,525/182,375	0/0

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(1) Options granted prior to July 12, 1994 to Mr. Hacker are exercisable for two shares of common stock and $84.81.

(2) All options cancelled on September 13, 2002.

Pension Plan Table

Final Average Pay	Years of Participation 5	10	15	20	25	30	35
$200,000	$16,300	$32,600	$48,900	$65,200	$81,500	$97,800	$114,100
400,000	32,600	65,200	97,800	130,400	163,000	195,600	228,200
600,000	48,900	97,800	146,700	195,600	244,500	293,400	342,300
800,000	65,200	130,400	195,600	260,800	326,000	391,200	456,400
1,000,000	81,500	163,000	244,500	326,000	407,500	489,000	570,500

This table is based on retirement at age 65 and selection of a straight life annuity (other annuity options are available, which would reduce the amounts shown). The amount of the normal retirement benefit under the plan is the product of 1.63% times years of credited participation in the plan times final average pay (highest five of last ten years of covered compensation). The retirement benefit amount is not offset by the participant's social security benefit. Compensation used in calculating benefits under the plan includes base salary and amounts shown as bonus in the Summary Compensation Table. Under the qualified plan, years of participation for persons named in the compensation table are as follows: Mr. Studdert - 7 years; Ms. Maher - 9 years; Mr. Hacker - 9 years; Mr. Brace - 14 years; Mr. Dutta - 17 years; Mr. McDonald - 31 years. Mr. Tilton, who joined UAL in September of 2002, is not eligible to participate in the Company's qualified plan until October 1, 2003. The amounts shown do not reflect limitations imposed by the Internal Revenue Code on retirement benefits that may be paid under plans qualified under the code. United has agreed to provide under non-qualified plans the portion of the retirement benefits earned under the pension plan that would otherwise be subject to code limitations.

In light of the Company's recent Chapter 11 filing, UAL is currently considering the adoption of one pension plan for all of the Company's officers and employees.

If Mr. Hacker is employed until age 50, he will be credited with additional years of participation so that his total years of participation will equal 25.4 years. In addition, if he is employed during the period between the date he attains age 50 and the date he attains age 55, he will be credited with an additional month of participation for each month of participation credited to him during that period. If he remains employed past age 55, he will be credited an additional 1/2 month of participation for each month of participation credited to him after age 55.

Mr. Dutta and Mr. Studdert continued to receive participation credit through February 15, 2003.

In connection with the hiring of Mr. Tilton, UAL agreed to provide a pension make-whole payment, which is described below.

Employment Contracts and Arrangements

Mr. Tilton's Employment Agreement

Mr. Tilton was elected Chairman, President and Chief Executive Officer of UAL effective September 2, 2002. The Company entered into a five-year employment agreement with Mr. Tilton effective September 5, 2002, which agreement was amended on December 8, 2002 and again on February 17, 2003 in connection with the Company's bankruptcy filing. The amended agreement provides for an annual base salary of $845,500 (which reflects an 11% reduction from the original amount), and is subject to increases as part of the normal salary program for the Company's senior executives. The agreement provides Mr. Tilton a $3 million signing bonus, which Mr. Tilton will be required to repay if he voluntarily resigns other than for good reason or UAL terminates him for cause on or before the earlier of June 1, 2004 or the date a plan of reorganization is approved by the Bankruptcy Court.

Under the terms of the agreement, Mr. Tilton also received options to purchase 1,150,000 shares of UAL common stock. The exercise price for the options is $3.03, which was the average of the high and low sales price of the common stock on the New York Stock Exchange on August 30 and September 3, 2002. The options expire on September 1, 2012. The Company also agreed to reimburse Mr. Tilton for his and his family's relocation expenses, including a cash payment to cover his income tax liability for the relocation reimbursement. Under his employment agreement, Mr. Tilton is eligible to receive an annual incentive bonus with a target percentage equal to 100% of his base salary. He is entitled to an additional 100% over this target bonus amount for superior performance.

If Mr. Tilton's employment is terminated by UAL without "cause," or by him for "good reason," or if there is a "change in control," UAL will pay him his base salary as reduced by the December 8th amendment, any annual bonus and any earned and vested benefits he may be entitled to through the termination date. UAL will also pay Mr. Tilton a lump sum payment equal to his base salary reduced by the December 8th amendment and target bonus multiplied by the greater of (1) the remaining term of his agreement or (2) three years. Mr. Tilton's other benefits will be continued for this period. All long-term incentive awards will immediately vest on the termination date, including any unvested stock options or restricted stock awards. Under Mr. Tilton's agreement, a "change of control" is defined as: (1) a merger, consolidation or sale of substantially all the Company's assets in which the voting securities of the Company immediately before the merger, consolidation or sale represent less than 80% of the voting power after the merger, consolidation or sale; (2) the acquisition by a person or group of 25% or more of the voting securities of the Company; (3) the UAL shareholders approve any plan or proposal for the liquidation of the Company; (4) a change in the majority of the Board over a 24-month period (unless the new directors were approved by a two-thirds majority of prior directors); or (5) any other event or transaction that the Board of Directors determines is a change of control.

A "change of control" will generally not arise as a result of events occurring prior to or on account of a plan of reorganization of the Company under Chapter 11 of the Bankruptcy Code, unless (1) there is a merger with another commercial airline and the holders of the claims and/or interests in the Company before the merger have less than 80% of the combined voting power after the merger; or (2)

creditors of the Company with an intent to control the management and policies of the Company on an on-going basis acquire at least 25% of the voting securities of the Company; or (3) a sale of the assets of the Company to another commercial airline, unless the creditors and/or interest holders in the Company receive, directly or indirectly, at least 80% of the combined voting power of the acquirer.

In consideration of projected retirement benefits foregone by Mr. Tilton as a result of his resignation from his prior employer and acceptance of UAL's employment offer, $4.5 million was paid into three secular trusts on Mr. Tilton's behalf subject to ratable vesting over three years. The non-vested portion is to be forfeited and returned to UAL if Mr. Tilton voluntarily terminates employment for other than good reason or is terminated for cause.

On February 21, 2003, the Bankruptcy Court approved UAL's motion to assume Mr. Tilton's amended employment agreement.

Mr. Creighton's Retirement Arrangements

In connection with Mr. Creighton's retirement in 2002, UAL agreed that he would remain as an on-call employee of United through year-end 2002. Although Mr. Creighton did not receive a salary and bonus, he received benefits, including medical, dental and life insurance, through December 31, 2002. He also received a one-time cash payment of $250,000 as consideration for his services.

In addition, Mr. Creighton's temporary living expenses while working at UAL's headquarters in Chicago, including the cost of a temporary residence (which could not exceed $3,000 per month) and a per diem allowance, continued to be paid by UAL through November 2002. Through October 2002, UAL also provided Mr. Creighton with office space located in the vicinity of his personal residence in Seattle to be used primarily for UAL business while he was staying at his personal residence. The reimbursement for this office space was limited to $3,000 per month.

Mr. Studdert's Agreement

UAL and Mr. Andrew Studdert recently entered into an agreement regarding Mr. Studdert's recent termination as an executive officer of UAL. Under the terms of the agreement, Mr. Studdert will remain an on-call employee of UAL and will receive $1,000 per month through September 2004 unless the agreement is terminated earlier. During the term of the agreement, Mr. Studdert will continue to provide services for UAL if UAL reasonably requests such services. Mr. Studdert will continue to receive the transportation benefit that UAL provides to its executive officers, as well as other health and insurance benefits. Mr. Studdert has agreed to forfeit all vested and unvested stock options granted under UAL's equity incentive plans as well as any unvested restricted stock. The agreement and Mr. Studdert's employment will terminate prior to September 2004 if Mr. Studdert voluntarily terminates his employment or, without the Company's consent, accepts a position with a competitor of United or he otherwise breaches the agreement.

Mr. Dutta's Agreement

UAL and Mr. Rono Dutta recently entered into an agreement regarding Mr. Dutta's recent termination as an executive officer of UAL. Under the terms of the agreement, Mr. Dutta will remain an on-call employee of UAL and will receive $2,000 per month through September 2004 unless the agreement is terminated earlier. During the term of the agreement, Mr. Dutta will continue to provide services for UAL if UAL reasonably requests such services. Mr. Dutta will continue to receive the transportation benefit that United provides to its executive officers, as well as other health and insurance benefits. Mr. Dutta has agreed to forfeit all vested and unvested stock options granted under UAL's equity incentive plans as well as any unvested restricted stock. The agreement and Mr. Dutta's employment will terminate prior to September 2004 if Mr. Dutta voluntarily terminates his employment or, without the Company's consent, accepts a position with a competitor of United or he otherwise breaches the agreement. UAL has consented to Mr. Dutta serving on the board of directors of US Airways and to him serving as a consultant to an investment banking firm that may represent the American Airlines creditors' committee in the event that airline were to file for bankruptcy protection.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2002 regarding the number of shares of UAL common stock that may be issued under UAL's equity compensation plans.

	A	B	C
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Equity Compensation Plans approved by the Company's stockholders	12,877,750	$35.58	2,108,878
Equity Compensation Plans not approved by the Company's	1,586,168	$13.79(2)	11,983,738 (3)

stockholders (1)			
Total	14,463,918	$33.69(4)	14,092,616 (3)

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(1) Includes shares and other awards under the following plans that have not been approved by UAL's stockholders: 1995 Director's Plan; United Employees Performance Incentive Plan; an option issued to a former CEO and 2002 Share Incentive Plan. The material terms of each of these plans is described following the table.

(2) The weighted-average exercise price was calculated based on 800,000 options granted to Mr. Greenwald at an exercise price of $22.53 and 650,000 options granted to Mr. Tilton at an exercise price of $3.03. The remaining 136,168 shares do not have an exercise price.

(3) Includes 11,942,366 shares available for future issuance under the 2002 Incentive Share Plan and 41,372 shares available for issuance under the 1995 Directors Plan. The number of shares available for future issuance does not include any shares issuable under outstanding awards or the 2002 Share Incentive Plan that are subsequently forfeited, expired or canceled without the delivery of shares of common stock or withheld by UAL to satisfy any applicable tax withholding obligations, which are available again for issuance under the 2002 Share Incentive Plan.

(4) The total weighted-average exercise price does not include the 136,168 shares referred to in footnote 2, for which there is no exercise price.

1995 Directors Plan

Under the 1995 Directors Plan, each outside director is granted 400 shares of common stock and 189 deferred stock units (each unit representing the right to receive a share of common stock at a future date) during each year that he or she is an outside director of UAL. If any outside director is not a director for the entire calendar year, such director's award of deferred stock units will be prorated. Each outside director may elect to forego the receipt of all or any portion of cash fees payable to him or her for service as a director (i.e., meeting fees and committee fees) and instead receive shares of common stock equivalent in value to the cash fees based on the fair market value of a share of common stock on the date the cash fee is payable to the director. The outside directors may also elect to defer the receipt of cash fees payable to the director as well as the stock award and the deferred stock units to be granted to the director in any year, which deferral may be paid after the director leaves the Board, either as a lump sum or in ten or less annual payments. The 1995 Directors Plan authorizes the issuance of up to 400,000 shares of common stock (either through use of treasury shares or open market purchases) and, as of December 31, 2002, 41,372 shares remained available for future awards.

2002 Share Incentive Plan

The 2002 Share Incentive Plan permits the award of nonqualified stock options and restricted shares to participants as well as stock appreciation rights. The exercise price of a nonqualified stock option cannot be less than the fair market value of a share of UAL common stock on the date of grant and the exercise period cannot exceed ten years. Restricted shares issued under the 2002 Share Incentive Plan vest over a time period established by the applicable committee (not to exceed ten years) and are subject to certain transfer restrictions and forfeiture under certain circumstances prior to vesting. In addition, the Compensation Committee or the Compensation Administration Committee may grant to participants other awards, including dividends and dividend equivalents and other awards that are valued in whole or part by reference to, or are otherwise based on, the fair market value of shares of UAL common stock. The 2002 Share Incentive Plan authorizes the issuance of 12,500,000 shares of common stock as well as 267,366 shares that were available for issuance as awards under the 1998 Restricted Stock Plan as of July 31, 2002 and, as of December 31, 2002, approximately 11,942,366 shares remained available for future awards under the 2002 Share Incentive Plan. Only treasury shares may be issued under the 2002 Share Incentive Plan. The terms of the 2002 Share Incentive Plan also provides that any shares awarded under the 1998 Restricted Stock Plan or the 2002 Share Incentive Plan that are subsequently forfeited, expired or canceled without the delivery of shares of common stock or withheld by UAL to satisfy any applicable tax withholding obligations will be available again for issuance under the plan.

Gerald Greenwald Option Shares

On July 12, 1994, UAL entered into an employment agreement with Gerald Greenwald, UAL's then Chairman and Chief Executive Officer. Pursuant to the agreement, Mr. Greenwald received options to acquire 800,000 shares of UAL common stock (post-stock split). The exercise price for the options is $22.53, which was the fair market value for the UAL common stock on July 12, 1994. The options were to vest over a five-year period, but vested earlier in connection with the termination of Mr. Greenwald's employment with UAL. To date, all 800,000 of the options received by Mr. Greenwald are outstanding. The options are due to expire on July 11, 2004.

United Employees Performance Incentive Plan

Under the terms of the United Employees Performance Incentive Plan (referred to as PIP), participants may receive additional cash compensation if the Company meets specified performance criteria and the employee's individual performance warrants additional compensation. Prior to the beginning of each year, the Company's Compensation Committee establishes a threshold level of pre-tax profit margin that the Company must obtain before any award may be made under the PIP for that year. The Compensation Committee also determines the appropriate individual performance objectives for each year that are related to specified areas, including financial performance, operational performance or customer satisfaction.

Under the PIP, an incentive award is typically paid in cash following the end of a calendar year; however, certain key employees are allowed to elect to defer receipt of their incentive award and can elect to receive their deferred incentive award in UAL common stock (treasury shares or shares purchased in the open market). The amount of the stock to be paid to each employee is equal to the amount of the incentive award divided by the fair market value of the stock (using a five-day average share price) determined as of the date the incentive award would have been paid in cash but for the deferral election. Under the PIP, any employee who defers his or her receipt of the incentive award for five or more years will also be credited with an additional amount equal to the 20% of the incentive award. The Compensation Administration Committee administers the plan with respect to any "officer" as defined in the Exchange Act rules and the Compensation Committee administers the plan with respect to all other participants. There is no fixed number of shares available for issuance under this plan. In 2000, UAL's shareholders approved the portion of the PIP relating to any "covered award" that could result in the application of Section 162(m) of the Code.

BENEFICIAL OWNERSHIP OF SECURITIES

Certain Beneficial Owners

The following table shows the number of shares of UAL voting securities owned by any person or group known to UAL as of March 17, 2003, to be the beneficial owner of more than 5% of any class of its voting securities.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership(1)	Percent of Class
State Street Bank and Trust Company, Trustee 225 Franklin Street Boston, MA 02110	Common Stock Class P ESOP Voting Junior Preferred Stock Class M ESOP Voting Junior Preferred Stock Class S ESOP Voting Junior Preferred Stock	17,583,559 (2) 1,862,255 (2) 1,637,880 (2) 658,255 (2)	14.45% 100% 100% 100%
Susquehanna Investment Group 401 City Avenue, Suite 220 Bala Cynwyd, PA 19004	Common Stock	4,397,029 (3)	6.6%
United Airlines Pilots Master Executive Council Air Line Pilots Association, International 6400 Shafer Court, Suite 700 Rosemont, IL 60018	Class Pilot MEC Junior Preferred Stock	1	100%

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership(1)	Percent of Class
International Association of Machinists and Aerospace Workers District #141 9000 Machinists Place Upper Marlboro, MD 20722	Class IAM Junior Preferred Stock	1	100%
W. Douglas Ford UAL Corporation P.O. Box 66919 Chicago, IL 60666	Class SAM Junior Preferred Stock	2	66.67%
Sara A. Fields Senior Vice President-People United Airlines P.O. Box 66100 Chicago, IL 60666	Class SAM Junior Preferred Stock	1	33.33%

(1) Shares of Class Pilot MEC, Class IAM and Class SAM stock elect one ALPA, IAM and Salaried/Management Employee Director, respectively, and have one vote on all matters submitted to the holders of common stock other than the election of directors.

(2) Based on information provided to the Company from State Street Bank and Trust Company, as of March 17, 2003, State Street, (1) as trustee under the ESOP, it had shared voting power over 1,862,255 shares of Class P ESOP Voting Junior Preferred Stock representing 6.68% of our voting power, 1,637,880 shares of Class M ESOP Voting Junior Preferred Stock representing 5.36% of our voting power, and 658,255 shares of Class S ESOP Voting Junior Preferred Stock (Class P, M and S voting stocks referred to as the voting preferred stocks) representing 2.4% of our voting power, and shares dispositive power over 3,127,800 shares of Class 1 ESOP Convertible Preferred Stock and 962,245 shares of Class 2 ESOP Convertible Preferred Stock, each convertible into quadruple that number of shares of common stock, as well as 1,663 shares of common stock issuable upon conversion of the voting preferred stocks and (2) as trustee acting in various fiduciary capacities, it had sole dispositive power over 853,203 shares of common stock, and sole voting power for 793,441 shares. The reporting person disclaims beneficial ownership of all shares reported. Voting power of voting preferred stocks is limited to matters other than the vote for directors.

(3) Based on a Schedule 13G filed with the SEC on February 10, 2003 in which Susquehanna Investment Group reported sole voting power and sole dispositive power for 4,397,029 shares of common stock.

Directors and Executive Officers

The following table sets forth the number of shares of common stock and of voting preferred stock held in the ESOP owned as of March 17, 2003, by each director, and each executive officer included in the Summary Compensation Table, and by UAL directors and executive officers as a group. Unless UAL says otherwise in a footnote, the owner exercises sole voting and investment power over the securities (other than unissued securities which ownership we have imputed to the owner). Some UAL directors and executive officers also own shares of other classes of its preferred stock as shown in the table above.

Name of Director or Executive Officer and Group	Common Stock Beneficially Owned(1)	Percent Of Class	Voting Preferred Stock Beneficially Owned(2)
Stephen R. Canale	1,337	*	0
W. James Farrell	14,441	*	0
W. Douglas Ford	12,331	*	0
Richard D. McCormick	31,587	*	0
James J. O'Connor	24,684	*	0
Hazel R. O'Leary	6,482	*	0
Paul E. Tierney, Jr.	40,649	*	0
Glenn F. Tilton	100,000	*	0
John K. Van de Kamp	24,254	*	0
John H. Walker	13,126	*	0
Paul R. Whiteford, Jr.	1,529	*	382
Douglas A. Hacker	399,641	*	1,344
Frederic F. Brace	256,483	*	673
Francesca M. Maher	189,806	*	659
Peter D. McDonald	87,651	*	172
Directors and Executive Officers as a Group (15 persons)	1,204,001	1.2	3,230

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* Less than 1%

(1) These numbers include (a) deferred stock units for Farrell 13,641, Ford 12,331, McCormick 29,389, O'Connor 17,563, O'Leary 6,082, Tierney 4,833, Van de Kamp 24,254 and Walker 13,126 (which reflects beneficial ownership of common stock represented by deferred stock units under the UAL Corporation 1995 Directors Plan); (b) options exercisable within 60 days of March 17, 2003 for Brace 212,000, Hacker

337,800, Maher 181,200, and McDonald 61,963; (c) common stock issuable upon conversion of ESOP preferred for Brace 2,691, Hacker 5,377, Maher 2,637, McDonald 688, Whiteford 1,529, and for the group -- (see footnote 2); (d) for Mr. Canale, 1,337 held indirectly by a pension plan; (e) for Mr. Brace, 5,090 held indirectly by his trust and 5,090 held indirectly by his spouse's trust; and (f) for Ms. Maher, 4,320 held indirectly by estate of deceased spouse.

(2) Reflects beneficial ownership through the ESOP of (a) Class P Voting Stock for Mr. Whiteford, and (b) Class S Voting Stock for Messrs. Brace, Hacker and McDonald and Ms. Maher, and for directors and executive officers as a group. Represents less than 1%.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

See "Compensation Committee Interlocks and Insider Participation" under "Executive Compensation."

ITEM 14. CONTROLS AND PROCEDURES.

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Company's CEO and CFO have concluded that UAL's disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Subsequent to the date of their evaluation, there were no significant changes in UAL's internal controls or in other factors that could significantly affect the disclosure controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements. The financial statements required by this item are listed in Item 8, "Financial Statements and Supplementary Data" herein.

2. Financial Statement Schedules. The financial statement schedule required by this item is listed below and included in this report after the signature page hereto.

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2002, 2001 and 2000.

All other schedules are omitted because they are not applicable, not required or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits. The exhibits required by this item are listed in the Exhibit Index which immediately precedes the exhibits filed with this Form 10-K, and is incorporated herein by this reference. Each of Exhibits 10.31 through 10.39 and 10.41 through 10.60 listed in the Exhibit Index is a management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(c) of Form 10-K.

(b) Reports on Form 8-K.

Form 8-K dated November 5, 2002 to report an agreement in principle with KfW to restructure debt.

Form 8-K dated November 26, 2002 to report the extent of employee participation in the UAL recovery plan.

Form 8-K dated December 2, 2002 to report United's reliance on grace periods included in certain debt obligations.

Form 8-K dated December 9, 2002 to report United's (and certain of its subsidiaries) filing under Chapter 11.

Form 8-K dated December 12, 2002 to report the filing of an NOL order to assist the Debtors in preserving their net operating losses.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on the 28th day of March, 2003.

UAL CORPORATION

/s/ Glenn F. Tilton
Glenn F. Tilton
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below on the 28th day of March, 2003 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Glenn F. Tilton
Glenn F. Tilton
Chairman of the Board, President
and Chief Executive Officer
(principal executive officer)

/s/ Frederic F. Brace
Frederic F. Brace
Executive Vice President and
Chief Financial Officer
(principal financial and accounting officer)

/s/ Hazel R. O'Leary
Hazel R. O'Leary
Director

/s/ Stephen R. Canale
Stephen R. Canale
Director

/s/ Paul E. Tierney, Jr.
Paul E. Tierney, Jr.
Director

/s/ W. James Farrell
W. James Farrell
Director

/s/ John K. Van de Kamp
John K. Van de Kamp
Director

/s/ W. Douglas Ford
W. Douglas Ford
Director

/s/ John H. Walker
John H. Walker
Director

/s/ Richard D. McCormick
Richard D. McCormick
Director

/s/ Paul R. Whiteford, Jr.
Paul R. Whiteford, Jr.
Director

/s/ James J. O'Connor
James J. O'Connor
Director

Certification of the Principal Executive Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Glenn F. Tilton, the Chairman, President and Chief Executive Officer of UAL Corporation (the "Company"), certify that:

(1) I have reviewed this annual report on Form 10-K of the Company;

(2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

(4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Glenn F. Tilton
Glenn F. Tilton
UAL Corporation
Chairman, President and Chief Executive Officer
March 28th, 2003

Certification of the Principal Financial Officer
Pursuant to 15 U.S.C. 78m(a) or 78o(d)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Frederic F. Brace, the Executive Vice President and Chief Financial Officer of UAL Corporation (the "Company"), certify that:

(1) I have reviewed this annual report on Form 10-K of the Company;

(2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which

such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

(4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

(6) The Company's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Frederic F. Brace
Frederic F. Brace
UAL Corporation
Executive Vice President and Chief Financial Officer
March 28th, 2003

Certification of the Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Glenn F. Tilton, the Chairman and Chief Executive Officer of UAL Corporation (the "Company") certify that to the best of my knowledge, based upon a review of the Annual Report on Form 10-K for the period ended December 31, 2002 of the Company (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Glenn F. Tilton
Glenn F. Tilton
UAL Corporation
Chairman and Chief Executive Officer
March 28th, 2003

Certification of the Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Frederic F. Brace, the Executive Vice President and Chief Financial Officer of UAL Corporation (the "Company") certify that to the best of my knowledge, based upon a review of the Annual Report on Form 10-K for the period ended December 31, 2002 of the Company (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frederic F. Brace
Frederic F. Brace
UAL Corporation
Executive Vice President and Chief Financial Officer
March 28th, 2003

Schedule II

UAL Corporation and Subsidiary Companies
Valuation and Qualifying Accounts
For the Years Ended December 31, 2002, 2001 and 2000
(In millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions[3]	Balance at End of Year
Year Ended December 31, 2000				
Reserves deducted from assets to which they apply:				
Allowance for doubtful accounts	$ 13	$ 15	$ 14	$ 14

Obsolescence allowance - Flight equipment spare parts	$ 45	$ 12	$ 2	$ 55
Year Ended December 31, 2001				
Reserves deducted from assets to which they apply:				
Allowance for doubtful accounts	$ 14	$ 41	$ 25	$ 30
Obsolescence allowance - Flight equipment spare parts	$ 55	$ 27	$ 12	$ 70
Valuation allowance for deferred tax assets	$ -	$ 6	$ -	$ 6
Year Ended December 31, 2002				
Reserves deducted from assets to which they apply:				
Allowance for doubtful accounts	$ 30	$ 40	$ 41	$ 29
Obsolescence allowance - Flight equipment spare parts	$ 70	$ 14	$ 27	$ 57
Valuation allowance for deferred tax assets	$ 6	$1,160	$ -	$1,166

[3] Deduction from reserve for purpose for which reserve was created.

EXHIBIT INDEX

3.1	Restated Certificate of Incorporation of UAL Corporation ("UAL"), as amended (filed as Exhibit 3.1 to UAL's Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference)
3.2	By-laws (filed as Exhibit 3.2 to UAL's Form 10-Q for the quarter ended September 30, 1999 and incorporated herein by reference)
4.1	Deposit Agreement dated as of July 12, 1994 between UAL Corporation and holders from time to time of Depository Receipts described herein (filed as Exhibit 4.1 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)
4.2	Indenture dated as of December 20, 1996 between UAL Corporation and The First National Bank of Chicago, as Trustee (filed as Exhibit 4.2 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)
4.3	Officer's Certificate relating to UAL's 13-1/4% Junior Subordinated Debentures due 2026

(filed as Exhibit 4.3 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

4.4 Form of UAL's 13-1/4% Junior Subordinated Debenture due 2026 (filed as Exhibit 4.4 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

4.5 Guarantee Agreement dated as of December 30, 1996 with respect to the 13-1/4% Trust Originated Preferred Securities of UAL Corporation Capital Trust I (filed as Exhibit 4.5 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

4.6 Amended and Restated Declaration of Trust of UAL Corporation Capital Trust I dated as of December 30, 1996 (filed as Exhibit 4.6 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

4.7 Debtor in Possession Credit Agreement dated December 24, 2002 by and among United Air Lines, Inc., the United subsidiaries named therein, the Lenders named therein and Bank One, NA, as agent

4.8 First Amendment and Limited Waiver dated February 19, 2003 to Debtor in Possession Credit Agreement dated December 24, 2002 by and among United Air Lines, Inc., the United subsidiaries named therein, the Lenders named therein and Bank One, NA, as agent

4.9 Revolving Credit, Term Loan and Guaranty Agreement dated December 24, 2002 by and among United Air Lines, Inc., UAL Corporation, certain Subsidiaries of United Air Lines, Inc. and UAL Corporation as named therein, the Lenders named therein, JP Morgan Chase Bank, Et al.

4.10 First Amendment dated February 10, 2003 to Revolving Credit, Term Loan and Guaranty Agreement dated December 24, 2002 by and among United Air Lines, Inc., UAL Corporation, certain Subsidiaries of United Air Lines, Inc. and UAL Corporation as named therein, the Lenders named therein, JP Morgan Chase Bank, Et al.

4.11 Second Amendment dated February 10, 2003 to Revolving Credit, Term Loan and Guaranty Agreement dated December 24, 2002 by and among United Air Lines, Inc., UAL Corporation, certain Subsidiaries of United Air Lines, Inc. and UAL Corporation as named therein, the Lenders named therein, JP Morgan Chase Bank, Et al.

4.12 Third Amendment dated February 18, 2003 to Revolving Credit, Term Loan and Guaranty Agreement dated December 24, 2002 by and among United Air Lines, Inc., UAL Corporation, certain Subsidiaries of United Air Lines, Inc. and UAL Corporation as named therein, the Lenders named therein, JP Morgan Chase Bank, Et al.

UAL's indebtedness under any single instrument does not exceed 10% of UAL's total assets on a consolidated basis. Copies of such instruments will be furnished to the Securities and Exchange Commission upon request.

10.1 Amended and Restated Agreement and Plan of Recapitalization, dated as of March 25, 1994 (the "Recapitalization Agreement"), as amended, among UAL Corporation, the Air Line Pilots Association ("ALPA"), International and the International Association of Machinists and Aerospace Workers ("IAM") (filed as Exhibit 10.1 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.2 Second Amendment to the Agreement and Plan of Recapitalization, dated as of June 2, 1994, among UAL, ALPA and the IAM (filed as Exhibit 10.2 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.3 Agreement, dated as of July 16, 1996, pursuant to Section 1.6q of the Recapitalization Agreement among UAL, ALPA and IAM (filed as Exhibit 10.3 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

10.4 UAL Corporation Employee Stock Ownership Plan, effective as of July 12, 1994 (filed as

Exhibit 10.4 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.5 First Amendment to UAL Corporation Employee Stock Ownership Plan, dated December 28, 1994 (filed as Exhibit 10.5 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.6 Second Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of August 17, 1995 (filed as Exhibit 10.6 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.7 Third Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of December 28, 1995 (filed as Exhibit 10.7 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

10.8 Fourth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of July 16, 1996 (filed as Exhibit 10.8 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

10.9 Fifth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of December 31, 1996 (filed as Exhibit 10.9 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

10.10 Sixth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of August 11, 1997 (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 1997 and incorporated herein by reference)

10.11 Seventh Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of May 19, 1999 (filed as Exhibit 10.10 to UAL's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference)

10.12 Eighth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of November 10, 1999 (filed as Exhibit 10.11 to UAL's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference)

10.13 Ninth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of October 29, 1999 (filed as Exhibit 10.12 to UAL's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference)

10.14 Tenth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of April 28, 2000 (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference)

10.15 Eleventh Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of December 29, 2000 (filed as Exhibit 10.15 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.16 Twelfth Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of January 28, 2002 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 2002 and incorporated herein by reference)

10.17 Fourteenth Amendment to UAL Corporation Employee Stock Ownership Plan ,dated as of December 19, 2002

10.18 UAL Corporation Employee Stock Ownership Plan Trust Agreement between UAL Corporation and State Street Bank and Trust Company, effective July 12, 1994 (filed as Exhibit 10.16 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.19 UAL Corporation Supplemental ESOP, effective as of July 12, 1994 (filed as Exhibit 10.17 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.20 First Amendment to UAL Corporation Supplemental ESOP, dated February 22, 1995 (filed as Exhibit 10.18 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.21 Second Amendment to UAL Corporation Supplemental ESOP, dated as of August 17, 1995 (filed as Exhibit 10.19 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.22 Third Amendment to UAL Corporation Supplemental ESOP, dated as of December 28, 1995 (filed as Exhibit 10.20 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.23 Fourth Amendment to UAL Corporation Supplemental ESOP, dated as of July 16, 1996 (filed as Exhibit 10.21 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

10.24 Fifth Amendment to UAL Corporation Supplemental ESOP, dated as of December 31, 1996 (filed as Exhibit 10.22 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

10.25 Sixth Amendment to UAL Corporation Supplemental ESOP, dated as of August 11, 1997 (filed as Exhibit 10.4 to UAL's Form 10-Q for the quarter ended September 30, 1997 and incorporated herein by reference)

10.26 Seventh Amendment to UAL Corporation Supplemental ESOP, dated as of May 19, 1999 (filed as Exhibit 10.21 to UAL's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference)

10.27 Eighth Amendment to UAL Corporation Supplemental ESOP, dated as of November 10, 1999 (filed as Exhibit 10.22 to UAL's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference)

10.28 Ninth Amendment to UAL Corporation Supplemental ESOP, dated as of October 29, 1999 (filed as Exhibit 10.23 to UAL's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference)

10.29 UAL Corporation Supplemental ESOP Trust Agreement between UAL Corporation and State Street, effective July 12, 1994 (filed as Exhibit 10.28 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.30 Class SAM Preferred Stockholders' Agreement, dated as of July 12, 1994 (filed as Exhibit 10.30 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)

10.31 UAL Corporation 2000 Incentive Stock Plan (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference)

10.32 UAL Corporation Employees Performance Incentive Plan (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference)

10.33 UAL Corporation 1998 Restricted Stock Plan (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended June 30, 1998 and incorporated herein by reference)

10.34 UAL Corporation 2002 Share Incentive Plan (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 2002 and incorporated herein by reference)

10.35 United NewVentures Long Term Incentive Plan (filed as Exhibit 10.44 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)

10.36 Description of Compensation and Benefits for Directors (filed as Exhibit 10.34 to UAL's Form 10-K for the year ended December 31, 1999 and incorporated herein by reference)

10.37	UAL Corporation 1995 Directors Plan, as amended and restated effective October 24, 2002
10.38	United Supplemental Retirement Plan (filed as Exhibit 10.35 of UAL's Form 10-K for the year ended December 31, 1998 and incorporated herein by reference)
10.39	Description of Officer Benefits (filed as Exhibit 10.37 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)
10.40	2000 Agreement between United Air Lines, Inc. and the Air Line Pilots in the service of United Air Lines, Inc. represented by ALPA (filed as Exhibit 10.41 to UAL's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)
10.41	Description of Benefit Arrangement for John W. Creighton, Jr. (filed as Exhibit 10.42 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)
10.42	Non-Qualified Stock Option Agreement for John W. Creighton, Jr. (filed as Exhibit 10.43 to UAL's Form 10-K for the year ended December 31, 2001 and incorporated herein by reference)
10.43	Employment Agreement dated September 5, 2002 by and among United Air Lines, Inc., UAL Corporation and Glenn F. Tilton (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 2002 and incorporated herein by reference)
10.44	Amendment No. 1 dated December 8, 2002 to the Employment Agreement dated September 5, 2002 by and among United Air Lines, Inc., UAL Corporation and Glenn F. Tilton
10.45	Amendment No. 2 dated February 17, 2003 to the Employment Agreement dated September 5, 2002 by and among United Air Lines, Inc., UAL Corporation and Glenn F. Tilton
10.46	Glenn F. Tilton Secular Trust Agreement No. 1 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and the Northern Trust Company (filed as Exhibit C to Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 2002 and incorporated herein by reference)
10.47	Amendment No. 1 dated February 17, 2003 to the Glenn F. Tilton Secular Trust Agreement No. 1 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and The Northern Trust Company
10.48	Amendment No. 2 dated February 28, 2003 to the Glenn F. Tilton Secular Trust Agreement No. 1 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and The Northern Trust Company
10.49	Glenn F. Tilton Secular Trust Agreement No. 2 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and the Northern Trust Company (filed as Exhibit D to Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 2002 and incorporated herein by reference)
10.50	Amendment No. 1 dated February 17, 2003 to the Glenn F. Tilton Secular Trust Agreement No. 2 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and The Northern Trust Company
10.51	Amendment No. 2 dated February 28, 2003 to the Glenn F. Tilton Secular Trust Agreement No. 2 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and The Northern Trust Company
10.52	Glenn F. Tilton Secular Trust Agreement No. 3 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and the Northern Trust Company (filed as Exhibit E to Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 2002 and incorporated herein by reference)
10.53	Amendment No. 1 dated February 17, 2003 to the Glenn F. Tilton Secular Trust Agreement

	No. 3 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and The Northern Trust Company
10.54	Amendment No. 2 dated February 28, 2003 to the Glenn F. Tilton Secular Trust Agreement No. 3 dated September 5, 2002 by and among UAL Corporation, Glenn F. Tilton and The Northern Trust Company
10.55	Agreement dated February 16, 2003 by and among United Air Lines, Inc., UAL Corporation and Rono J. Dutta
10.56	Agreement dated February 16, 2003 by and among United Air Lines, Inc., UAL Corporation and Andrew P. Studdert
10.57	Employment Agreement dated July 12, 1994 between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.5 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference)
10.58	Amendment No. 1 dated July 12, 1994 to Employment Agreement dated July 12, 1994 between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.6 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference)
10.59	Amendment No. 2 dated April 5, 1999 to Employment Agreement dated July 12, 1994 between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended June 30, 1999 and incorporated herein by reference)
10.60	Non-Qualified Stock Option Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.9 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated by reference)
10.61	Restricted Stock Agreement dated September 2, 2002 between Glenn F. Tilton and UAL Corporation (filed as Exhibit B to Exhibit 10.3 to UAL's form 10-Q for the quarter ended September 30, 2002 and incorporated here by reference)
12.1	Computation of Ratio of Earnings to Fixed Charges
12.2	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
21	List of UAL's subsidiaries
23	Consent of Independent Public Accountants

With respect to the documents incorporated by reference to this Form 10-K, UAL's Commission File Number is 1-6033.

DEBTOR IN POSSESSION
CREDIT AGREEMENT

This Debtor In Possession Credit Agreement, dated as of December 24, 2002 ("Closing Date"), is among United Air Lines, Inc., a Delaware corporation, as debtor and debtor in possession ("Borrower"), the parties identified herein as the "Credit Parties", as debtors and debtors in possession, the Lenders (as defined below) and Bank One, NA, a national banking association having its principal office in Chicago, Illinois, as Agent. The parties hereto agree as follows:

WHEREAS, on December 9, 2002 (the "Petition Date"), the Credit Parties filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court"), which cases are jointly administered under Case No. 02-B-48191 (each a "Chapter 11 Case" and collectively, the "Chapter 11 Cases");

WHEREAS, the Credit Parties continue to operate their respective businesses and manage their respective properties as debtors and debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code; and

WHEREAS, Borrower has requested that Lenders provide a senior secured superpriority term loan facility of up to $300,000,000 for the purposes of financing the Credit Parties' ordinary course working capital and general corporate needs.

ARTICLE I.
DEFINITIONS

As used in this Agreement:

"Accounts" shall have the meaning set forth in Article 9 of the Illinois UCC.

"Additional DIP" means that certain debtor in possession financing provided to Borrower pursuant to the Additional DIP Credit Agreement.

"Additional DIP Collateral" means all Property, now existing or hereafter acquired, of the Credit Parties which secures the Credit Parties' obligations under the Additional DIP, including, without limitation, all unencumbered aircraft, spare engines, spare parts inventory, Routes, Supporting Route Facilities, Slots, Foreign Slots, QEC Kits (as defined in the Additional DIP Credit Agreement), Flight Simulators , and Gate Leaseholds (to the extent that the grant of a Lien on such Gate Leaseholds, Supporting Route Facilities and/or Foreign Slots is permitted by applicable law, it being understood that in any event a Lien on Gate Leaseholds, Supporting Route Facilities and/or Foreign Slots shall extend to the proceeds of any such Gate Leaseholds, Supporting Route Facilities and/or Foreign Slots). Notwithstanding the foregoing, "Additional DIP Collateral" shall not include the Co-Branded Card Collateral.

"Additional DIP Credit Agreement" means that certain Revolving Credit, Term Loan and Guaranty Agreement dated the date hereof, among Borrower, Parent, the Guarantors named therein, the Lenders party thereto, JPMorgan Chase Bank, as Co-Administrative Agent, Co-Collateral Agent and Paying Agent, Citicorp USA Inc., as Co-Administrative Agent and Co-Collateral Agent, J.P. Morgan Securities Inc., as Joint Lead Arranger and Joint Bookrunner, Salomon Smith Barney Inc., as Joint Lead Arranger and Joint Bookrunner, Bank One, NA, as Co-Arranger, Banc One Capital Markets, Inc., as Co-Arranger, and The CIT Group/Business Credit, Inc., as Co-Arranger.

"Additional DIP Intercreditor Agreement" shall have the meaning set forth in Section 4.1 hereof.

"Additional DIP Lenders" means those entities that are lenders under the Additional DIP, in their capacities as such.

"Additional DIP Voluntary Prepayment" shall have the meaning set forth in Section 2.2.

"Affected Lender" shall have the meaning set forth in Section 2.19 hereof.

"Affiliate" means, as to any Person, any other Person that directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting stock, by contract or otherwise; provided, however, that an Affiliate shall not include the Parent's Employee Stock Option Plan (for purposes of this definition, "ESOP"), the trustee of the ESOP or any Person who is a beneficial owner of voting stock of the Parent that is subject to the ESOP and who is eligible to report and reports such beneficial ownership on Schedule 13G promulgated under the Securities Exchange Act of 1934, as amended.

"Agent" means Bank One in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders, as reduced from time to time pursuant to the terms hereof and in no event in excess of $300,000,000.

"Agreement" means this debtor in possession credit agreement, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4 hereof.

"Aircraft Mortgage" shall have the meaning set forth in Section 4.1(xxvii).

"Air Transportation Stabilization Act and Regulations" shall mean the Air Transportation Safety and System Stabilization Act, P.L. 107-42, as the same may be amended from time to time, and the regulations promulgated thereunder (14 C.F.R. Part 1310) and related OMB Regulations, 14 C.F.R. Part 1300.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

"Application" shall mean the Application of the Borrower to be updated or supplemented with the ATSB for the issuance of a federal credit instrument under the Air Transportation Stabilization Act and Regulations, as amended, modified or supplemented from time to time.

"Applicable Margin" means, with respect to a Loan of any Type at any time, the following rate per annum: (a) 3.50% per annum, with respect to a Floating Rate Loan, and (b) 4.50% per annum, with respect to a Eurodollar Loan.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" means Banc One Capital Markets, Inc., a Delaware corporation, and its successors, in its capacity as Lead Arranger and Sole Book Runner.

"Article" means an article of this Agreement unless another document is specifically referenced.

"ATSB" shall mean the Air Transportation Stabilization Board, created pursuant to Section 102(b) of the Air Transportation Safety and System Stabilization Act.

"Authorized Officer" means any of the Treasurer, Chief Financial Officer, Principal Accounting Officer, Controller or financial Vice President of the Borrower or the applicable Credit Party, acting singly.

"Avoidance Actions" shall mean the Borrower's and the Credit Parties' claims and causes of action arising under Section 502(d), 544, 547, 548 or 550 of the Bankruptcy Code or any other avoidance action under the Bankruptcy Code.

"Bank One" means Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its individual capacity, and its successors.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.), as amended and in effect from time to time and the regulations issued from time to time thereunder.

"Bankruptcy Court" shall have the meaning set forth in the Recitals hereof.

"Borrower" shall have the meaning set forth in the preamble hereof, and its successors and assigns.

"Borrowing Date" means December 24, 2002 or such other Business Day (as shall be mutually agreed upon by the Parties hereto) on which the Loan is made hereunder.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Loans, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York City for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Capital Expenditures" shall mean, for any period, the aggregate of all expenditures (whether (i) paid in cash and not theretofore accrued or (ii) accrued as liabilities during such period, and including that portion of any post-petition Capitalized Lease which is capitalized on the consolidated balance sheet of the Parent and the Subsidiaries) net of cash amounts received by the Borrower and the Credit Parties from other Persons during such period in reimbursement of Capital Expenditures made by the Borrower and the Credit Parties, excluding interest capitalized during construction, made by the Borrower and the Credit Parties during such period that, in conformity with Agreement Accounting Principles, are required to be included in or reflected by the property, plant, Equipment or similar fixed asset accounts reflected in the consolidated balance sheet of the Parent and the Subsidiaries (including Equipment which in the ordinary course of business is purchased simultaneously with the trade-in or exchange of existing Equipment owned by the Borrower or any of the Credit Parties to the extent of the gross amount of such purchase price less the book value of the Equipment being traded in or exchanged at such time), but excluding expenditures made in connection with the replacement or restoration of assets to the extent reimbursed or financed from (x) insurance proceeds paid on account of the loss of or the damage to the assets being replaced or restored, (y) awards of compensation arising from the taking by condemnation or eminent domain of such assets being replaced or (z) proceeds of asset sales permitted by this Agreement which proceeds are not required to be used to prepay the Loans pursuant to Section 2.13 of the Additional DIP Credit Agreement.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles (excluding any leases that become Capitalized Leases as a result of a recharacterization of operating leases as Capitalized Leases in connection with the renegotiation thereof, provided that the Borrower's payment obligations thereunder are unchanged).

"Carve Out Reserve" shall have the meaning set forth in Section 2.21(c) hereof.

"Change in Control" means (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Parent or the Borrower; or (ii) the occupation of a majority of the seats (other than vacant seats) on the Board of Directors of the Parent or the Borrower by Persons who were neither (A) nominated by the Board of Directors of the Parent or the Borrower nor (B) appointed by directors so nominated.

"Chapter 11 Cases" shall have the meaning set forth in the Recitals hereof.

"Chattel Paper" shall have the meaning set forth in Article 9 of the Illinois UCC.

"Closing Date" shall have the meaning set forth in the preamble hereof.

"Co-Branded Card Agreements" means, collectively, (i) that certain Co-Branded Card Marketing Services Agreement dated as of July 1, 2001, among Parent, ULS and Bank One, Delaware, N.A. f/k/a First USA Bank, NA, as amended, restated, supplemented and otherwise modified from time to time, including, without limitation, as amended pursuant to the Co-Branded Card Amendment and the Co-Branded Debit Card Amendment, (ii) that certain Side Letter to Bank One, Delaware, N.A. dated December 7, 2002 by Parent and agreed and acknowledged to by Borrower, ULS, Mileage Plus Holdings, Inc., Mileage Plus Marketing, Inc. and Mileage Plus, Inc., (iii) the License Agreement dated as of November 22, 2002, by and between Borrower and ULS, (iv) the Mileage Plus Operating Agreement dated as of November 22, 2002, by and between Borrower and ULS, (v) the Umbrella Agreement dated as of November 22, 2002, by and between Borrower and ULS and (vi) the Domestic Customer Service Outsourcing Agreement dated as of November 22, 2002, by and among ULS, Mileage Plus, Inc. and Borrower, in each case as amended and in effect on the Closing Date and as the same may be hereafter amended, supplemented or otherwise modified in accordance herewith.

"Co-Branded Debit Card Amendment" means that certain Third Amendment to Co-Branded Card Marketing Services Agreement dated as of December 7, 2002, by and among Bank One, Delaware, N.A., Parent and ULS.

"Co-Branded Card Amendment" means that certain Amendment Number 4 to the Co-Branded Card Marketing Services Agreement dated as of December 7, 2002, by and among Bank One, Delaware, N.A., Parent, ULS and Borrower.

"Co-Branded Card Collateral" means all of the Credit Parties' right, title and interest in the Co-Branded Card Agreements, including, without limitation, all rights to payment thereunder, and all Property used or useful in connection with the delivery by the Credit Parties (including, without limitation, the Borrower) or any of their Affiliates of the benefits (including, without limitation, miles and other services) Bank One, Delaware, N.A. receives under the Co-Branded Card Agreements, including, without limitation, all assets owned by ULS (except for those assets which are not used or useful in connection with the delivery of the above described benefits), Mileage Plus Holdings, Inc., Mileage Plus Marketing, Inc. and Mileage Plus, Inc. and all call centers, customer lists, systems, programs, software, and all trademarks, tradenames (including without limitation the "Mileage Plus" tradename and derivations thereof), other intellectual property and general intangibles in connection with the foregoing and all proceeds, rents and products thereof and distributions thereon.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" means all Property of the Borrower and each Credit Party, including, without limitation, all of the Property covered (or intended to be covered) by this Agreement, the Orders and the other Loan Documents, including, without limitation, the Co-Branded Card Collateral and the Additional DIP Collateral. Collateral shall not include (i) Section 1110 Assets that are subject to valid, perfected and non-avoidable liens, (ii) Avoidance Actions (it being understood that, notwithstanding such exclusion, the proceeds of Avoidance Actions shall be available to repay the Obligations), (iii) funds held in Escrow Accounts (it being understood that, notwithstanding such exclusion, the Borrower's and any applicable Credit Party's rights to receive any excess funds remaining in the Escrow Accounts following the payment in full of the taxes, fees and charges payable from such Escrow Accounts shall be subject to the grant of security interest and Lien described in Section 2.21 (subject only to the Additional DIP Lenders' Lien on the Additional DIP Collateral)) and (iv) interests of the Borrower and the Credit Parties in the joint ventures set forth on Schedule 1.1(d) (but only to the extent that applicable law or the organizational documents with respect to any such joint venture do not permit an assignment of such interests, it being understood that in any event the Agent's Lien granted hereunder shall extend to the proceeds (of any kind) of any disposition of any such joint venture interests and all distributions thereon).

"Commercial Tort Claims" means those certain currently existing commercial tort claims of the Credit Parties.

"Commitment" means, for each Lender, the obligation of such Lender to make the Loan not exceeding the amount set forth opposite its signature below, as it may be modified as a result of any assignment that has become effective pursuant to Section 12.3.3 or as otherwise modified from time to time pursuant to the terms hereof.

"Control" shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the Illinois UCC.

"Conversion/Continuation Notice" shall have the meaning set forth in Section 2.9 hereof.

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Parent, the Borrower or any of the Parent's Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Credit Parties" means Borrower and the other parties identified as "Credit Parties" on the signature pages hereto.

"DCA" shall mean Ronald Reagan Washington National Airport.

"Default" means an event described in Article VII.

"Deposit Accounts" shall have the meaning set forth in Article 9 of the Illinois UCC.

"Documents" shall have the meaning set forth in Article 9 of the Illinois UCC.

"DOT" shall mean the United States Department of Transportation.

"EBITDAR" shall mean, for any period, all as determined in accordance with Agreement Accounting Principles, the consolidated net income (or net loss) of the Parent and its Subsidiaries for such period, plus (a) the sum of (i) depreciation expense, (ii) amortization expense, (iii) other non-cash charges (excluding any book gains or losses recognized on the return of aircraft associated with a rejection or settlement of the Borrower's credit agreement dated as of November 17, 1999, as amended, with Kreditanstalt fur Wiederaufbau and the Borrower's 1997-1 enhanced equipment trust certificates), (iv) consolidated federal, state and local income tax expense, (v) gross interest expense for such period less gross interest income for such period, (vi) aircraft rent expense, (vii) extraordinary losses, (viii) any non-recurring charge or restructuring charge; (ix) the cumulative effect (whether positive or negative) of any change in accounting principles; (x) any Fees (as defined in the Additional DIP Credit Agreement) and fees set forth in the Fee Letter paid, in each case, by the Borrower and not otherwise added back to consolidated net income (or net loss) pursuant to any of the foregoing clauses of this definition; and (xi) the difference (whether positive or negative) between the cash paid by Bank One, Delaware, N.A. during such period pursuant to its "Annual Guaranteed Miles Purchased" (as defined in the agreement referred to in clause (i) of the definition of Co-Branded Card Agreements) and the amount of the revenue recorded during such period on account of the miles so purchased by Bank One, Delaware, N.A. pursuant to the Co-Branded Card Agreements during such period and prior periods less (b) extraordinary gains plus or minus (c) the amount of cash received or expended in such period in respect of any amount which, under clause (viii) above, was taken into account in determining EBITDAR for such or any prior period.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Environmental Lien" shall mean a Lien in favor of any Governmental Authority for (i) any liability under federal or state environmental laws or regulations, or (ii) damages arising from or costs incurred by such Governmental Authority in response to a release or threatened release of a hazardous or toxic waste, substance or constituent, or other substance into the environment.

"Equipment" shall have the meaning set forth in Article 9 of the Illinois UCC and shall include, without limitation, all vehicles, vessels, aircraft, aircraft engines, propellers, parts, spare parts, spare engines, flight simulators, and quick engine change kits.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with the Borrower or a Subsidiary of the Borrower would be deemed to be a single employer within the meaning of Section 414(b), (c), (m), or (o) of the Code.

"Escrow Accounts" shall mean certain funds set aside by the Borrower or any Credit Party to manage the collection and payment of amounts collected by the Borrower or such Credit Party for the benefit of third party beneficiaries relating to: (a) federal income tax withholding and backup withholding tax, employment taxes, transportation excise taxes and security related charges, including (i) federal payroll withholding taxes, as described in Sections 3101, 3111 and 3402 of the Code, (ii) federal Unemployment Tax Act taxes, as described in Chapter 23 of Subtitle C of the Code, (iii) federal air transportation excise taxes, as described in Sections 4261 and 4271 of the Code, (iv) federal security charges, as described in Title 49 of the Code of Federal Regulations of 2002 (referred to in this definition as the "CFR"), Chapter XII, Part 1510, (v) federal Animal and Plant Health Inspection Service of the United States Department of Agriculture (APHIS) user fees, as described in Title 21 United States Code (2002) (referred to in this definition as "U.S.C.") Section 136a and 7 CFR Section 354.3, (vi) federal Immigration and Naturalization Service (INS) fees, as described in 8 CFR Part 286, (vii) federal customs taxes as described in 19 U.S.C. Section 58c, and (viii) federal jet fuel taxes as described in Sections 4091 and 4092 of the Code collected on behalf of and owed to the federal government; (b) any and all state and local income tax withholding, employment taxes and related charges and fees and similar taxes, charges and fees, including, but not limited to, state and local payroll withholding taxes, unemployment and supplemental unemployment taxes, disability taxes, workman's or workers' compensation charges and related charges and fees that are analogous to those described in Subtitle C of the Code and that are described in or are analogous to Chapter 23 of Title 19 Delaware Code Annotated (2002) collected on behalf of and owed to state and local authorities, agencies and entities; and (c) passenger facility fees and charges as described in Title 49 Section 40117 (2002) and

Title 14 of the Code of Federal Regulations of 2002, Subchapter 1, Part 158 collected on behalf of and owed to various administrators, institutions, authorities, agencies and entities; in each case held in escrow accounts or trust funds in an aggregate amount for all of such Escrow Accounts not in excess of $200,000,000 (provided that such amount may be increased upon an increase in any of the foregoing taxes, fees and charges for which the Borrower's officers and directors may have personal liability if not paid).

"Eurodollar Base Rate" means, with respect to a Eurodollar Loan for the relevant Interest Period, the applicable British Bankers' Association LIBOR rate for deposits in U.S. dollars as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, provided that, if no such British Bankers' Association LIBOR rate is available to the Agent, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the rate determined by the Agent to be the rate at which Bank One or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of Bank One's relevant Eurodollar Loan and having a maturity equal to such Interest Period.

"Eurodollar Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Loan for the relevant Interest Period, the sum of (i) the greater of (I) two percent (2%) and (II) the quotient of (a) the Eurodollar Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Applicable Margin.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Agent, taxes imposed on its net income, and franchise taxes imposed on it, by (i) the United States of America jurisdiction under the laws of which such Lender or the Agent is incorporated or organized or (ii) the jurisdiction in which the Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"FAA" shall mean the Federal Aviation Administration.

"Facility Termination Date" means the earliest of (a) July 1, 2004, (b) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code) of a plan of reorganization (the "Plan of Reorganization") that is confirmed pursuant to a final, non-appealable order entered by the Bankruptcy Court or any other court having jurisdiction in the Chapter 11 Cases, but in no event shall such date be later than the effective date of such Plan of Reorganization and (c) the date of termination of the Additional DIP Credit Agreement or of the Additional DIP Lenders' commitments thereunder; or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"Fee Letter" has the meaning set forth in Section 4.1(ix).

"Fifth Freedom Rights" shall mean the operational right to enplane passenger traffic and cargo in a foreign country and deplane it in another foreign country.

"Final Order" means an order of the Bankruptcy Court entered in the Chapter 11 Cases after a final hearing under Bankruptcy Rule 4001(c)(2) which order, among other things, modifies the automatic stay under Section 362 of the Bankruptcy Code to permit the creation and perfection of Agent's Liens on the Collateral and to provide for the automatic vacation of the automatic stay to permit the enforcement of Agent's and Lenders' remedies under the Loan Documents and which order is in substantially the form attached as Exhibit E hereto, as the same may be amended, supplemented or otherwise modified from time to time with the express written consent or joinder of Agent and Requisite Lenders and approved by the Bankruptcy Court.

"Final Order Date" means the date of entry of the Final Order by the Bankruptcy Court.

"Financial Forecast" shall have the meaning set forth in Section 4.1(xvi) hereof.

"Fixtures" shall have the meaning set forth in Article 9 of the Illinois UCC.

"Flight Simulators" shall mean the flight simulators and flight training devices of the Borrower or any applicable Guarantor other than the flight simulators listed on Schedule 1.1(c).

"Floating Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day plus (ii) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

"Floating Rate Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"Foreign Aviation Authorities" shall mean any foreign or governmental, regulatory or other agency or agencies which exercise jurisdiction over the issuance or authorization to serve any foreign point on each of the Routes and/or operations related to the

Routes and Supporting Route Facilities.

"Foreign Slot" shall mean all of the rights and operational authority, now held or hereafter acquired, of the Borrower and, if applicable, a Credit Party, to conduct one landing or takeoff operation during a specific hour or other period at each non-U.S. airport necessary to operate a Route.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Gate Leaseholds" shall mean all of the right, title, privilege, interest, and authority now or hereafter acquired or held by the Borrower or, if applicable, a Credit Party in connection with the right to use, operate or occupy space in any airport or terminal at which the Borrower conducts scheduled operations.

"General Intangibles" shall have the meaning set forth in Article 9 of the Illinois UCC, including, without limitation, all right, title and interest in (i) Slots, Primary Foreign Slots, Routes, Primary Routes, leasehold interests (including, without limitation, leasehold interests in hangars and parts depots), Fifth Freedom Rights and "behind and beyond" rights and (ii) Gate Leaseholds, Supporting Route Facilities (including, without limitation, with respect to hangers and parts depots) and Foreign Slots to the extent that the grant of a security interest is permitted by applicable law, it being understood that, in any event, the grant of the security interest described in Section 2.26.1 on such Gate Leaseholds, Supporting Route Facilities and Foreign Slots shall extend to the proceeds (of any kind) received or to be received by the Borrower or applicable Credit Party upon the transfer or other disposition of such Foreign Slots, Gate Leaseholds and/or Supporting Route Facilities.

"Governmental Authority" shall mean any Federal, state, municipal or other governmental department, commission, board, bureau, agency, administration or instrumentality or any court, in each case whether of the United States or foreign.

"Guaranteed Obligations" shall have the meaning set forth in Section 16.1 hereof.

"Guarantor" means Parent and each other Credit Party (other than Borrower), together with each such entity's successors and assigns.

"Illinois UCC" means the Illinois Uniform Commercial Code as in effect from time to time in the State of Illinois.

"Indebtedness" shall mean, at any time and with respect to any Person, (i) all indebtedness of such Person for borrowed money; (ii) all indebtedness of such Person for the deferred purchase price of property or services (other than property, including inventory, and services purchased, and expense accruals and deferred compensation items arising, in the ordinary course of business); (iii) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments (other than performance, surety and appeal bonds arising in the ordinary course of business); (iv) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (v) all obligations of such Person under Capitalized Leases; (vi) all reimbursement, payment or similar obligations of such Person, contingent or otherwise, under acceptance, letter of credit or similar facilities and all obligations of such Person in respect of (x) currency swap agreements, currency future or option contracts and other similar agreements designed to hedge against fluctuations in foreign interest rates and currency values, (y) interest rate swap, cap or collar agreements and interest rate future or option contracts, and (z) fuel hedges and other derivatives contracts; (vii) all Indebtedness referred to in clauses (i) through (vi) above guaranteed directly or indirectly by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (A) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (B) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss in respect of such Indebtedness, (C) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered or to maintain the net worth or other financial condition or ratio of the debtor) or (D) otherwise to assure a creditor against loss in respect of such Indebtedness; and (viii) all Indebtedness referred to in clauses (i) through (vii) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in Property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (it being understood that claims arising upon the rejection of unexpired leases and other executory contracts shall not be treated as Indebtedness hereunder).

"Instruments" shall have the meaning set forth in Article 9 of the Illinois UCC.

"Insufficiency" shall mean, with respect to any Plan, its "amount of unfunded benefit liabilities" within the meaning of Section 4001(a)(18) of ERISA, if any.

"Interest Period" means, with respect to a Eurodollar Loan, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Interim Order" means the order of the Bankruptcy Court entered on December 9, 2002 in the Chapter 11 Cases and attached hereto as Exhibit D, as the same may be amended, supplemented or otherwise modified from time to time with the express written

consent or joinder of Agent and Required Lenders and approved by the Bankruptcy Court.

"Interim Order Date" means December 9, 2002.

"Inventory" shall have the meaning set forth in Article 9 of the Illinois UCC.

"Investments" of a Person shall have the meaning set forth in Section 6.25 hereof.

"Investment Property" shall have the meaning set forth in Article 9 of the Illinois UCC, and shall include, without limitation, .securities or other ownership interests in a corporation, partnership, joint venture, limited liability company or other entity.

"JFK" shall mean New York's John F. Kennedy (JFK) International Airport.

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Agent, the office, branch, subsidiary or affiliate of such Lender or the Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Agent pursuant to Section 2.17 hereof.

"LGA" shall mean New York's LaGuardia Airport.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's term loan made pursuant to Article II (or any conversion or continuation thereof).

"Loan Documents" means the Orders, this Agreement, any Notes issued pursuant to Section 2.13, the SGR Security Agreement, the Aircraft Mortgage and any other ancillary and collateral documents contemplated hereby or executed in connection herewith.

"Mandatory Reductions" shall have the meaning set forth in Section 2.2(a) hereof.

"Material Adverse Effect" means a material adverse effect on (i) the operations, business, Property, assets, prospects or condition (financial or otherwise) of the Borrower and the Credit Parties taken as a whole, (ii) the ability of the Borrower and the Credit Parties to perform their obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent or the Lenders thereunder.

"Material Indebtedness" means Indebtedness in an aggregate principal amount in excess of $20,000,000 that would give rise to an administrative claim under the Bankruptcy Code, including, but not limited to, those administrative claims arising under sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c) or 726 of the Bankruptcy Code.

"Material Indebtedness Agreement" means any agreement (a) under which any Material Indebtedness was created or is governed or which provides for the incurrence of Indebtedness in an amount which would constitute Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder) and (b) which was entered into either (i) Prepetition and which is affirmed after the Petition Date or (ii) Postpetition.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage Supplement" shall have the meaning set forth in the Aircraft Mortgage.

"Mortgaged Collateral" shall mean all of the "Collateral" as defined in the Aircraft Mortgage (including any Mortgage Supplement), defined to include, without limitation, all aircraft, spare engines and spare parts inventory included within the Collateral.

"Multiemployer Plan" shall mean a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) the Borrower or a Subsidiary of the Borrower or an ERISA Affiliate, and each such plan for the five-year period immediately following the latest date on which the Borrower, or a Subsidiary of the Borrower or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

"Multiple Employer Plan" shall mean a Single Employer Plan, which (i) is maintained for employees of the Borrower or an ERISA Affiliate and at least one person (as defined in Section 3(9) of ERISA) other than the Borrower and its ERISA Affiliates or (ii) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Non-Primary Routes" shall mean all of the Routes other than the Primary Routes.

"Non-U.S. Lender" shall have the meaning set forth in Section 3.5(iv) hereof.

"Note" shall have the meaning set forth in Section 2.13 hereof.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loan, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower or any other Credit Party to the Lenders or to any Lender, the Agent or any indemnified party arising under the Loan Documents.

"Orders" means the Interim Order and the Final Order.

"Other Taxes" shall have the meaning set forth in Section 3.5(ii) hereof.

"Parent" shall mean UAL Corporation, a Delaware corporation, as debtor and debtor in possession.

"Participants" shall have the meaning set forth in Section 12.2.1 hereof.

"Payment Date" means the last calendar day of each month.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Pension Plan" shall mean a defined benefit plan (as defined in Section 414(j) of the Code and Section 3(35) of ERISA) which is intended to be qualified under Section 401(a) of the Code.

"Permitted Investments" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within twelve months from the date of acquisition thereof;

(b) investments in commercial paper maturing within six months from the date of acquisition thereof and having, at such date of acquisition, a rating of at least "A-2" or the equivalent thereof from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or of at least "P-2" or the equivalent thereof from Moody's Investors Service, Inc.;

(c) investments in certificates of deposit, banker's acceptances and time deposits (including Eurodollar time deposits) maturing within six months from the date of acquisition thereof issued or guaranteed by or placed with (i) any domestic office of the Agent or the bank with whom the Borrower and the Credit Parties maintain their cash management system, or (ii) any domestic office of any other commercial bank of recognized standing organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $250,000,000 and is the principal banking Subsidiary of a bank holding company having a long-term unsecured debt rating of at least "A-2" or the equivalent thereof from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or at least "P-2" or the equivalent thereof from Moody's Investors Service, Inc.;

(d) investments in commercial paper maturing within six months from the date of acquisition thereof and issued by (i) Agent or (ii) the holding company of any other commercial bank of recognized standing organized under the laws of the United States of America or any State thereof that has (A) a combined capital and surplus in excess of $250,000,000 and (B) commercial paper rated at least "A-2" or the equivalent thereof from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or of at least "P-2" or the equivalent thereof from Moody's Investors Service, Inc.;

(e) investments in repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (a) above entered into with any office of a bank or trust company meeting the qualifications specified in clause (c) above; and

(f) investments in money market funds substantially all the assets of which are comprised of securities of the types described in clauses (a) through (e) above.

"Permitted Liens" shall mean (i) Liens imposed by law (other than Environmental Liens and any Lien imposed under ERISA) for taxes, assessments or charges of any Governmental Authority for claims not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with Agreement Accounting Principles; (ii) Liens of landlords and Liens of carriers, warehousemen, consignors, mechanics, materialmen and other Liens (other than Environmental Liens and any Lien imposed under ERISA) in existence on the Petition Date or thereafter imposed by law and created in the ordinary course of business; (iii) Liens (other than any Lien imposed under ERISA) incurred or deposits (including, without limitation, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, leases, contracts (other than for the repayment of Indebtedness), statutory obligations and other similar obligations or arising as a result of progress payments under government contracts; (iv) easements (including, without limitation, reciprocal easement agreements and utility agreements), rights-of-way, covenants, consents, reservations, encroachments, variations and zoning and other restrictions, charges or encumbrances (whether or not recorded) and interest of ground lessors, which do not interfere materially with the ordinary conduct of the business of the Borrower or any Credit Party, as the case may be, and which do not materially detract from the value of the Property to which they attach or materially impair the use thereof to the Borrower or any Credit Party, as the case may be; (v) purchase money Liens (including Capitalized Leases) upon or in any Property acquired or held in the ordinary course of business to secure the purchase price of such Property or to secure Indebtedness permitted by Section 6.03(v) solely for the purpose of financing the acquisition of such property; (vi) letters of credit or deposits in the ordinary course to secure leases; and (vii) extensions, renewals or replacements of any Lien referred to in paragraphs (i) through (vi) above, provided, that the principal amount of the obligation secured thereby is not increased and that any such extension, renewal or replacement is limited to the property originally encumbered thereby.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Petition Date" shall have the meaning set forth in the Recitals hereof.

"Plan" shall mean a Single Employer Plan or a Multiemployer Plan.

"Plan of Reorganization" shall have the meaning set forth in the definition of Facility Termination Date.

"Pledged Deposits" means all time deposits of money (other than Deposit Accounts and Instruments), whether or not evidenced by certificates, which any Credit Party may from time to time designate as pledged to the Agent or to any Lender as security for any Obligation, and all rights to receive interest on said deposits.

"Postpetition" means the time period immediately following the filing of the Chapter 11 Cases.

"Postpetition Indebtedness" means all Indebtedness of the Credit Parties incurred after the filing of the Chapter 11 Cases.

"Prepetition" means the time period ending immediately prior to the filing of the Chapter 11 Cases.

"Prepetition Indebtedness" means all Indebtedness of any of the Credit Parties outstanding on the Petition Date immediately prior to the filing of the Chapter 11 Cases.

"Primary Foreign Slots" shall mean the Foreign Slots set forth on Schedule 1.1(a), as may be amended from time to time at the request of the Agent pursuant to Section 6.19(b).

"Primary Routes" shall mean the Routes set forth on Schedule 1.1(b) as may be amended from time to time at the request of the Agent pursuant to Section 6.19(b).

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Property" of a Person means any and all property, of any kind or type whatsoever and wherever located, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets, whether now owned, leased or operated or hereafter acquired, leased or operated by such Person, including, without limitation, all Accounts (including, without limitation, in the case of ULS, ULS' right to payment under the Co-Branded Card Agreements), Chattel Paper, Commercial Tort Claims, Documents, Equipment, Fixtures, General Intangibles, Instruments, Inventory, Investment Property, and Pledged Deposits, wherever located, in which such Person now has or hereafter acquires any right or interest, and the proceeds (including Stock Rights), insurance proceeds and products thereof, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto.

"Purchasers" shall have the meaning set forth in Section 12.3.1 hereof.

"Receivables" means the Accounts, Chattel Paper, Investment Property, Instruments, Pledged Deposits, and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reports" shall have the meaning set forth in Section 9.6 hereof.

"Required Lenders" means Lenders in the aggregate having at least a majority of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least a majority of the aggregate unpaid principal amount of the outstanding Loan.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Routes" shall mean the routes for which the Borrower or, if applicable, a Credit Party, holds or hereafter acquires the requisite authority to operate pursuant to the Title 49 including, without limitation, applicable frequencies, exemption and certificate authorities, Fifth-Freedom Rights and "behind/beyond rights".

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Sale and Leaseback Transaction" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Section 1110 Assets" shall mean (i) property (and agreements related to such property) that qualifies as an "aircraft," "aircraft engine," "propeller," "appliance" or "spare part" (as defined in Section 40102 of Title 49) as those terms are used in Section 1110(a)(3)(A)(i) and (B) of the Bankruptcy Code to the extent that the Borrower or any applicable Credit Party is expressly prohibited from granting liens thereon or assignments thereof under the terms of any security agreement, lease or conditional sale agreement related thereto under which the applicable secured party, lessor or seller is entitled to the protections afforded under Section 1110 of the Bankruptcy Code with respect to such property or agreements or (ii) property referred to in the previous clause that the Borrower or any of the Credit Parties elects to return to the party providing financing therefor in exchange for a discharge of the related indebtedness.

"Security" shall have the meaning set forth in Article 8 of the Illinois UCC.

"SGR Security Agreement" shall have the meaning set forth in Section 4.1(xxvi).

"Single Employer Plan" shall mean a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (i) is maintained for employees of the Borrower or an ERISA Affiliate or (ii) was so maintained and in respect of which the Borrower could have liability under Title IV of ERISA in the event such Plan has been or were to be terminated.

"Slot" shall mean all of the rights and operational authority of the Borrower and, if applicable, a Credit Party, now held or hereafter acquired, to conduct one Instrument Flight Rule (as defined under the FAA regulations) landing or takeoff operation during a specific hour or half-hour period at LGA, DCA or JFK pursuant to FAA regulations, including Title 14.

"Slot Reporting Guidelines" shall mean that, for purposes of each slot utilization report delivered pursuant to Section 6.1(n),

(i) a Slot will be deemed "utilized" if (A) such Slot is used for a take-off or landing operation, (B) by regulation or other regulatory notice, the FAA considers such Slot as "used" for purposes of 14 C.F.R. Section 93.227, regardless of whether or not such Slot was, in fact, used (e.g., holidays as defined in 14 C.F.R. Section 93.227(l) and labor actions), (C) by waiver, the FAA considers such Slot as "used" for purposes of 14 C.F.R. Section 93.227, even though such Slot was not, in fact, used or (D) the FAA otherwise waives the Slot utilization requirement of 14 C.F.R. Section 93.227,

(ii) if the Borrower engages in a temporary Slot trade, transfer, exchange or lease with another air carrier, the Borrower shall report the utilization rate for the slot-received in the trade, transfer or lease, rather than for the Slot traded, transferred or leased to such other air carrier, for so long as the slot received continues to be operated by the Borrower,

(iii) a "week" is defined as a seven-day period, and

(iv) the two month FAA reporting period shall be the period for which air carriers provide slot utilization reports to the FAA pursuant to 14 C.F.R. Section 93.227.

"Stock Rights" means any securities, dividends or other distributions and any other right or property which any Credit Party shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral and any securities, any right to receive securities and any right to receive earnings, in which any Credit Party now has or hereafter acquires any right, issued by an issuer of such securities.

"Subsidiary" means, with respect to any Person (referred to as the "parent" solely for purposes of this definition), any corporation, association or other business entity (whether now existing or hereafter organized) of which at least a majority of the securities or other ownership interests having ordinary voting power for the election of directors is, at the time as of which any determination is being made, owned or controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Supporting Route Facilities" shall mean the takeoff and/or landing rights, gates, ticket counters, office space and baggage claim areas at each airport necessary to operate a Route including, but not limited to, those at the following airports: London; Heathrow; Tokyo; Narita; Osaka; Kansai; Beijing; Capital Airport; Shanghai; Puo Dong; and Hong Kong, Hong Kong International.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

"Termination Event" shall mean (i) a "reportable event", as such term is described in Section 4043(c) of ERISA (other than a "reportable event" as to which the 30-day notice is waived under subsection .22, .23, .25, ..27 or .28 of PBGC Regulation Section 4043) or an event described in Section 4068 of ERISA and excluding events which would not be reasonably likely (as reasonably determined by the Agent) to have a material adverse effect on the financial condition, operations, business, properties or assets of the Borrower and the Credit Parties taken as a whole, or (ii) the withdrawal of the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a "substantial employer," as such term is defined in Section 4001(a)(2) of ERISA, the incurrence of liability by the Borrower or any ERISA Affiliate under Section 4064 of ERISA upon the termination of a Multiple

Employer Plan, the imposition of Withdrawal Liability, or (iii) providing notice of intent to terminate a Pension Plan pursuant to Section 4041(c) of ERISA (provided such termination would have a Material Adverse Effect) or the treatment of a Pension Plan amendment as a termination under Section 4041 of ERISA, if such amendment requires the provision of security, or (iv) the institution of proceedings to terminate a Pension Plan by the PBGC under Section 4042 of ERISA (provided such termination would have a Material Adverse Effect)**,** or (v) any other event or condition (other than the commencement of the Chapter 11 Cases and the failure to have made any contribution accrued as of the Petition Date but not paid) which would reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the imposition of any liability under Title IV of ERISA (other than for the payment of premiums to the PBGC in the ordinary course), excluding events or conditions which would not be reasonably likely (as reasonably determined by the Agent) to have a Material Adverse Effect.

"Title 14" means Title 14 of the U.S. Code of Federal regulations, Part 93, Subparts K and S, as amended from time to time or any successor or recodified regulation.

"Title 49" shall mean Title 49 of the Unites States Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the regulations promulgated pursuant thereto or any subsequent legislation that amends, supplements or supercedes such provisions.

"Transferee" shall have the meaning set forth in Section 12.4 hereof.

"Type" means, with respect to the Loan, its nature as a Floating Rate Loan or a Eurodollar Loan.

"ULS" means UAL Loyalty Services, Inc., a Delaware corporation.

"United States Citizen" shall have the meaning set forth in Section 5.22 hereof.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Use or Lose Rule" shall mean with respect to Slots, the terms of 14 C.F.R. Section 93.227.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Withdrawal Liability" shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Terms defined in the Illinois UCC which are not otherwise defined in this Agreement are used herein as defined in the Illinois UCC.

ARTICLE II.
THE CREDITS

2.1 Commitment. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make a Loan to the Borrower in an amount not to exceed the amount of its Commitment. At no time shall the aggregate principal amount of the outstanding Loan exceed the Aggregate Commitment. Amounts repaid hereunder shall not be reborrowed. The Loan shall become due and payable on the Facility Termination Date.

2.2 Required Payments; Termination.

(a) Commencing on March 1, 2004 and on the first Business Day of each calendar month thereafter, the principal amount of the Loan shall be paid (with a corresponding permanent reduction in the Aggregate Commitment) in installments (each such payment and Aggregate Commitment reduction, a "Mandatory Reduction" and collectively with all other payments and reductions, the "Mandatory Reductions") in the respective amounts shown below

opposite the applicable month:

Calendar Month of Payment and Aggregate Commitment Reduction	Payment and Aggregate Commitment Reduction
March, 2004	$60,000,000
April, 2004	$60,000,000
May, 2004	$60,000,000
June, 2004	$60,000,000
July, 2004	$60,000,000

Notwithstanding the foregoing, the final Mandatory Reduction on July 1, 2004 shall be the greater of $60,000,000 and the remaining amount of the outstanding Loan. Immediately upon the repayment of the Loan (and corresponding Aggregate Commitment reductions) set forth in this Section 2.2(a), each Lender's Commitment shall automatically and permanently be reduced by an amount equal to such Lender's ratable share of such reduction.

(ii) At any time that any portion of the outstanding Loan is due and payable or the Aggregate Commitments are reduced below the aggregate principal amount of the outstanding Loan (in either case, due to a Mandatory Reduction set forth in this Section 2.2(a) or otherwise), Agent shall be entitled, solely at its discretion, to set-off or otherwise apply amounts payable by Bank One, Delaware, N.A. to Borrower under the Co-Branded Card Agreements against any such amounts due the Lenders.

(b) Any outstanding Loan and all other unpaid Obligations shall be paid in full by the Borrower on the Facility Termination Date.

(c) At any time following the occurrence of a default, event or condition, the effect of which default, event or condition permits Bank One, Delaware, N.A. to terminate any of the Co-Branded Card Agreements, all payments made by Bank One, Delaware, N.A. under the Co-Branded Card Agreements shall be immediately set-off or otherwise applied against the outstanding Loan with a corresponding permanent reduction in the Aggregate Commitment equal to the amount of such payments.

(d) Upon any voluntary permanent reduction of the revolving loan commitment and/or voluntary prepayment of the term loans under the Additional DIP Credit Agreement (the amount of such reduction or prepayment, the "Additional DIP Voluntary Prepayment"), the Borrower shall contemporaneously repay the Loan (with a corresponding reduction in the Aggregate Commitment) in an amount equal to the product of (i) the Additional DIP Voluntary Prepayment multiplied by (ii) a ratio (expressed as a percentage) of the Aggregate Commitment at the time of such prepayment to the sum of the outstanding commitments under the Additional DIP Credit Agreement at such time and the Aggregate Commitment at such time. Such prepayment shall be applied pro rata among all remaining Mandatory Reductions.

2.3 Ratable Loan. The Loan shall be made from the several Lenders ratably in proportion to the ratio that their respective Commitments bear to the Aggregate Commitment.

2.4 Types of Loan. The Loan may be a Floating Rate Loan or a Eurodollar Loan, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9.

2.5 **[**Intentionally Deleted**]**

2.6 **[**Intentionally Deleted**]**

2.7 Optional Principal Payments. The Borrower may from time to time pay, without penalty or premium, all of the outstanding Floating Rate Loan, or, in a minimum aggregate amount of $10,000,000 or any integral multiple of $1,000,000 in excess thereof, any portion of the outstanding Floating Rate Loan, upon two Business Days' prior notice to the Agent. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all of the outstanding Eurodollar Loan, or, in a minimum aggregate amount of $10,000,000 or any integral multiple of $10,000,000 in excess thereof, any portion of the outstanding Eurodollar Loan, upon three Business Days' prior notice to the Agent. Amounts repaid may not be reborrowed.

2.8 Method of Selecting Types and Interest Periods of Loan. The Borrower shall select the Type of Loan and, in the case of each Eurodollar Loan, the Interest Period applicable thereto from time to time. No more than five (5)

Eurodollar Loans may be outstanding at any time. The Type of Loan funded on the Closing Date shall be a Floating Rate Loan.

2.9 Conversion and Continuation of Outstanding Loan. Each Floating Rate Loan shall continue as a Floating Rate Loan unless and until such Floating Rate Loan is converted into Eurodollar Loan pursuant to this Section 2.9 or is repaid in accordance with Section 2.7. Each Eurodollar Loan shall continue as a Eurodollar Loan until the end of the then applicable Interest Period therefor, at which time such Eurodollar Loan shall be automatically converted into a Floating Rate Loan unless (x) such Eurodollar Loan is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Loan continue as a Eurodollar Loan for the same or another Interest Period. Subject to the terms of Section 2.9, the Borrower may elect from time to time to convert all or any part of a Floating Rate Loan into a Eurodollar Loan. The Borrower shall give the Agent irrevocable (unless a Eurodollar Loan is not available due to increased costs (as set forth in Section 3.2) or illegality (as set forth in Section 3.3)) notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Loan into a Eurodollar Loan or continuation of a Eurodollar Loan not later than 10:00 a.m. (Chicago time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Loan which is to be converted or continued, and

(iii) the amount of such Loan which is to be converted into or continued as a Eurodollar Loan and the duration of the Interest Period applicable thereto.

2.10 Changes in Interest Rate, etc. Each Floating Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Loan is made or is automatically converted from a Eurodollar Loan into a Floating Rate Loan pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurodollar Loan pursuant to Section 2.9, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Loan maintained as a Floating Rate Loan will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Loan shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Agent as applicable to such Eurodollar Loan based upon the Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date.

2.11 Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.8, 2.9 or 2.10, during the continuance of a Default the Agent or Required Lenders may, at their option, by written notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Loan may be made as, converted into or continued as a Eurodollar Loan. During the continuance of a Default, Agent or the Required Lenders may, at their option, by written notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Loan shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum and (ii) each Floating Rate Loan shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum.

2.12 Method of Payment. Subject to the right of Bank One, NA to setoff payments pursuant to Section 2.2 hereof (which such right shall be exclusively exercised by Bank One, NA), all payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (local time) on the date when due and shall be applied ratably by the Agent among the Lenders. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender. The Agent is hereby authorized to charge any account of the Credit Parties maintained with Bank One or any Affiliate of Bank One for each payment of principal, interest and fees as it becomes due hereunder.

2.13 Noteless Agreement; Evidence of Indebtedness.

(i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (c) the amount of any sum received by the Agent hereunder from the Borrower and each Lender's share thereof.

(iii) The entries maintained in the accounts maintained pursuant to paragraphs (i) and (ii) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Loan be evidenced by a promissory note in substantially the form of Exhibit C (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender such Note payable to the order of such Lender. Thereafter, the Loan evidenced by such Note and interest thereon shall at all times (prior to any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein, except to the extent that any such Lender subsequently returns any such Note for cancellation and requests that such Loan once again be evidenced as described in paragraphs (i) and (ii) above.

2.14 Telephonic Notices. The Borrower hereby authorizes the Lenders and the Agent to convert or continue the Loan, effect selections of Types of the Loan and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Agent a written confirmation, if such confirmation is requested by the Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error.

2.15 Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Loan shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Loan converted into a Eurodollar Loan on a day other than a Payment Date shall be payable on the date of conversion. Interest accrued on each Eurodollar Loan shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Loan is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Loan having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest and commitment fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day a Loan is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or interest on a Loan shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16 **[**Intentionally Deleted**]**

2.17 Lending Installations. Each Lender may book its Loan at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loan and any Notes issued hereunder shall be deemed held by each Lender for the benefit of any such Lending Installation.

2.18 Non-Receipt of Funds by the Agent. Unless the Borrower notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If the Borrower has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to the interest rate applicable to the relevant Loan.

2.19 Replacement of Lender. If the Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Loans into, Eurodollar Loans shall be suspended pursuant to Section 3.3 (any Lender so affected an "Affected Lender"), the Borrower may elect with the consent of Agent (such consent not to be unreasonably withheld; provided that it shall not be deemed unreasonable for Agent to withhold its consent if the Loan and this facility have not been fully syndicated (as determined by Agent in its sole discretion)), if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, *provided* that no Default shall have occurred and be continuing at the time of such replacement, and *provided further* that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Agent shall agree, as of such date, to purchase for cash the Loan and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit A and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrower shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement

under Section 3.4 had the Loan of such Affected Lender been prepaid on such date rather than sold to the replacement Lender.

2.20 Approval of Interest. Approval of this Agreement by the Bankruptcy Court shall constitute approval of the rates of interest and other amounts payable hereunder and a ruling that they are exempt from any otherwise applicable limitation.

2.21 Superpriority Nature of Obligations; Priming Lien.

(a) Except as set forth in this paragraph, the Obligations shall be secured by Liens in all of the Collateral under Sections 364(c)(2) and (c)(3) of the Bankruptcy Code, senior to all other Liens, regardless of when the Liens were obtained and regardless of their previous priority. The Liens granted under section 364(c)(2) and (3) of the Bankruptcy Code shall be subject only to (i) in the case of Liens granted under section 364(c)(3) of the Bankruptcy Code, Liens granted to the Additional DIP Lenders on the Additional DIP Collateral, (ii) non-avoidable, valid and perfected liens in existence on the Petition Date, (iii) non-avoidable valid liens in existence on the Petition Date that are perfected subsequent to the Petition Date by section 546(b) of the Bankruptcy Code and (iv) the Carve-Out Reserve (set forth below).

(b) The Obligations shall also have the status in the Chapter 11 Cases of superpriority administrative expenses under Section 364(c)(1) of the Bankruptcy Code. Subject to the Carve Out Reserve, such superpriority administrative claim shall have priority over all other claims, costs and expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, 1114 or any other provision of the Bankruptcy Code and shall at all times be senior to the rights of any Credit Party, any Credit Party's estate, and any successor trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code (provided such claims shall be *pari passu* with Additional DIP Lenders' superpriority administrative expense claims).

(c) Agent's Liens on the Collateral under Sections 364(c)(2) and (c)(3) of the Bankruptcy Code, for the benefit of Agent and Lenders, and the superpriority administrative claim under Section 364(c)(1) of the Bankruptcy Code afforded the Obligations shall be subject only to the following: (i) fees payable to the United States Trustee pursuant to 28 U.S.C. Section 1930(a)(6) and to the Clerk of the Bankruptcy Court and (ii) upon the occurrence and during the continuance of a Default (which is not subsequently waived or cured), the payment of accrued and unpaid professional fees and expenses allowed by the Bankruptcy Court (whether incurred prior to or subsequent to such Default) of attorneys, accountants, financial advisors or other professionals retained by any of the Credit Parties and any official committee appointed in the Chapter 11 Cases pursuant to Section 1103 of the Bankruptcy Code, in an aggregate amount not to exceed $35,000,000 (the "Carve-Out Reserve") *in toto* to be allocated pro rata among the Obligations hereunder and the obligations under the Additional DIP Credit Agreement, plus amounts payable pursuant to 28 U.S.C. Section 1930(a)(6) and to the Clerk of the Bankruptcy Court; *provided*, that any payments actually made to such professionals under Sections 330, 331 and 503 of the Bankruptcy Code in respect of fees and expenses incurred or accrued (x) prior to the occurrence of a Default, shall not reduce the Carve Out Reserve and (y) from and after the occurrence of a Default, shall reduce dollar-for-dollar the Carve Out Reserve; *provided, further*, that in no event shall any of the Carve Out Reserve include any fees or expenses arising after the conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code. In the event of a liquidation of the Borrower's and the Credit Parties' estates, the amount of the Carve-Out Reserve shall be funded into a segregated account prior to the making of any distributions.

(d) Notwithstanding the foregoing, the Credit Parties shall be permitted to pay, as the same may become due and payable, subject to the provisions of the Orders and this Section 2.21 and provided that no Default has occurred and is continuing, compensation and reimbursement of expenses to professionals allowed by the Bankruptcy Court and payable under Sections 330 and 331 of the Bankruptcy Code, *provided* that the Credit Parties shall not be permitted to use cash collateral of Lenders or Additional DIP Lenders or the proceeds of Loan made hereunder or under the Additional DIP to pay any amount in professional fees and expenses incurred in connection with the investigation (including discovery proceedings) of potential claims, causes of action, actions or proceedings against (i) Agent or any Lender in respect of the Obligations or otherwise or (ii) the Additional DIP Lenders in respect of obligations owing under the Additional DIP Credit Agreement. Except for the Carve-Out Reserve and payments under 28 U.S.C. § 1930(a)(6) and to the Clerk of the Bankruptcy Court, no costs or expenses of administration shall be imposed against Agent and Lenders or the Collateral under Sections 105, 506(c) or 552 of the Bankruptcy Code, or otherwise.

2.22 Release. The Borrower and the other Credit Parties each hereby acknowledge, effective upon the Interim Order Date, that Borrower, the other Credit Parties, or any of their Subsidiaries, have no defense, counterclaim, offset, recoupment, cross-complaint, claim or demand of any kind or nature whatsoever that can be asserted to reduce or eliminate all or any part of Borrower's, the other Credit Parties', or their Subsidiaries' liability to repay Agent or any Lender as provided in this Agreement or to seek affirmative relief or damages of any kind or nature from Agent or any Lender. Borrower and the other Credit Parties, each in its own right and on behalf of its bankruptcy estate, all its successors, assigns, Subsidiaries and any Affiliates and any Person acting for and on behalf of, or claiming through it (collectively, the "Releasing Parties"), hereby fully, finally and forever release and discharge Agent and Lenders and all of Agent's and Lenders' past and present officers, directors, servants, agents, attorneys, assigns, heirs, parents, subsidiaries, and each Person acting for or on behalf of any of them (collectively, the "Released Parties") of and from any and all past and present actions, causes of action, demands, suits, claims,

liabilities, Liens, lawsuits, adverse consequences, amounts paid in settlement, costs, damages, debts, deficiencies, diminution in value, disbursements, expenses, losses and other obligations of any kind or nature whatsoever, whether in law, equity or otherwise (including, without limitation, those arising under Sections 541 through 550 of the Bankruptcy Code and interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses, and incidental, consequential and punitive damages payable to third parties), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, foreseen or unforeseen, suspected or unsuspected, now or heretofore existing against any of the Released Parties, whether held in a personal or representative capacity, and which are based on any act, fact, event or omission or other matter, cause or thing occurring at or from any time prior to and including the date hereof in any way, directly or indirectly arising out of, connected with or relating to this Agreement, the Interim Order, the Final Order and the debtor in possession financings, and allother agreements, certificates, instruments and other documents and statements (whether written or oral) related to the debtor in possession financings.

2.23 Waiver of any Priming Rights. Upon the Closing Date, and on behalf of themselves and their estates, and for so long as any Obligation shall be outstanding, Borrower and the other Credit Parties hereby irrevocably waive any right, pursuant to Sections 364(c) or 364(d) of the Bankruptcy Code or otherwise, (a) to grant any Lien of equal or greater priority than the Lien securing the Obligations other than Liens permitted to be granted by this Agreement to the Additional DIP Lenders on the Additional DIP Collateral, or (b) to approve or incur a claim of equal or greater priority than the Obligations.

2.24 Payment of Obligations. Upon the Facility Termination Date (whether by acceleration or otherwise) of any of the Obligations under this Agreement or any of the other Loan Documents, Lenders shall be entitled to immediate payment of such Obligations without further application to or order of the Bankruptcy Court.

2.25 No Discharge; Survival of Claims. Borrower and each of the other Credit Parties agrees that (a) the Obligations hereunder shall not be discharged by the entry of an order confirming a Plan of Reorganization (and Borrower and each of the other Credit Parties, pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waives any such discharge) and (b) the superpriority administrative claim granted to Agent and Lenders pursuant to the Interim Order and Final Order and described in Section 2.21 and the Liens granted to Agent pursuant to the Interim Order and Final Order and described in Section 2.21 shall not be affected in any manner by the entry of an order confirming a Plan of Reorganization in any Chapter 11 Case.

2.26 Security.

2.26.1 Grant of Security Interest.

(a) The Borrower and each other Credit Party hereby pledges, assigns and grants to the Agent, on behalf of and for the ratable benefit of the Lenders and (to the extent specifically provided in this Section 2.26) their Affiliates, a security interest in all of the Borrower's and each other Credit Party's right, title and interest in and to the Collateral to secure the prompt and complete payment and performance of the Obligations. Notwithstanding the foregoing, the total amount of shares of capital stock or other ownership interests of any Person pledged hereunder that is not incorporated or organized in the United States shall in no event exceed sixty-five percent (65%) of the total outstanding shares of capital stock or such other ownership interests thereof.

(b) With respect to all real property the title to which is held by the Borrower or any of the Credit Parties, or the possession of which is held by the Borrower or any of the Credit Parties pursuant to leasehold interest, the Borrower and each Credit Party hereby assigns and conveys as security, grants a security interest in, hypothecates, mortgages, pledges and sets over unto the Agent on behalf of the Lenders all of the right, title and interest of the Borrower and such Credit Parties in all of such owned real property and in all such leasehold interests, together in each case with all of the right, title and interest of the Borrower and such Credit Parties in and to all buildings, improvements, and fixtures related thereto, any lease or sublease thereof, all General Intangibles relating thereto and all proceeds thereof. The Borrower and each Credit Party acknowledges that, pursuant to the Orders, the Liens in favor of the Agent on behalf of the Lenders in all of such real property and leasehold instruments (limited, in the case of leasehold interests, to the proceeds received upon any sale, disposition or termination thereof) shall be perfected without the recordation of any instruments of mortgage or assignment. The Borrower and each Credit Party further agrees that, upon the request of Agent, the Borrower and such Credit Party shall enter into separate fee or leasehold mortgages in recordable form with respect to such properties on terms reasonably satisfactory to the Agent.

2.26.2 Lockboxes. Upon request of the Agent after the occurrence of a Default, the Borrower and each other Credit Party shall execute and deliver to the Agent irrevocable lockbox agreements in the form provided by or otherwise acceptable to the Agent, which agreements shall be accompanied by an acknowledgment by the bank where the lockbox is located of the Lien of the Agent granted hereunder and of irrevocable instructions to wire all amounts collected therein to a special collateral account at the Agent.

2.26.3 Special Collateral Account. The Agent shall require all cash proceeds of the Co-Branded Card Collateral to be deposited in a special non-interest bearing cash collateral account (account number 644433310) with the Agent as security for the Obligations. The Borrower and the Credit Parties shall have no control whatsoever over said cash collateral account. If no Default has occurred or is continuing and if no setoff is permitted pursuant to Section 2.2 hereof at such time, the Agent shall promptly transfer the collected balances in said cash collateral

account into the Borrower's or applicable Credit Party's general operating account with the Agent. If any Default has occurred and is continuing or if set-off is otherwise permitted pursuant to Section 2.2 hereof at such time, the Agent may (and shall, at the direction of the Required Lenders), from time to time, apply the collected balances in said cash collateral account to the payment of the Obligations whether or not the Obligations shall then be due. At all times, the Borrower and the Credit Parties (i) shall direct Bank One, Delaware, N.A. to deposit all amounts owed ULS under the Co-Branded Card Agreements in such cash collateral account and (ii) agree to promptly deposit all amounts received under the Co-Branded Card Agreements in such cash collateral account.

2.26.4 Agent's Performance of Obligations. Without having any obligation to do so, the Agent may perform or pay any obligation which the Borrower or any other Credit Party has agreed to perform or pay relating to the Collateral and the Borrower shall reimburse the Agent for any amounts paid by the Agent pursuant to this Section 2.26.4. The Borrower's obligation to reimburse the Agent pursuant to the preceding sentence shall be an Obligation payable upon written demand with reasonable documentation supporting such reimbursement request.

2.26.5 Authorization for Agent to Take Certain Action. The Borrower and each Credit Party irrevocably authorizes the Agent at any time and from time to time in the reasonable discretion of the Agent and appoints the Agent as its attorney in fact (i) to execute on behalf of the Borrower and each Credit Party as debtor and to file financing statements necessary in the Agent's reasonable discretion to perfect and to maintain the perfection and priority of the Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Agreement (or any portion thereof) or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Agent's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Collateral and which are Securities or with financial intermediaries holding other Investment Property as may be necessary or advisable to give the Agent Control over such Securities or other Investment Property, (v) to enforce payment of the Receivables in the name of the Agent or the Borrower or any other Credit Party, (vi) to apply the proceeds of any Collateral received by the Agent to the Obligations as provided herein and (vii) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), and the Borrower and each other Credit Party agrees to reimburse the Agent upon written demand (together with reasonable documentation supporting such reimbursement request) for any payment made or any expense incurred by the Agent in connection therewith, *provided* that this authorization shall not relieve the Borrower and each other Credit Party of any of its obligations under this Agreement.

2.26.6 Further Assurances.

(a) The Borrower and each Credit Party agree that from time to time, at the expense of the Borrower and each Credit Party, they will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary, or that Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Agent to exercise and enforce any of its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, and without further order of the Bankruptcy Court, the Borrower and each Credit Party (i) will execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, or as Agent may reasonably request, (ii) will enter into control agreements (or take such other steps as may be reasonably requested by Agent to establish control over the Collateral) and (iii) will deliver to Agent possession of Collateral (including certificates evidencing shares of capital stock or other ownership interests) (accompanied by instruments of transfer or assignment duly executed in blank as may be reasonably requested by Agent).

(b) The Borrower and each Credit Party hereby authorize Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Borrower or the Credit Parties where permitted by law.

(c) The Borrower and each Credit Party will furnish to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Agent may reasonably request, all in reasonable detail.

(d) The Borrower and each Credit Party shall provide the Agent with at least fifteen (15) days prior written notice of (i) any change in the name, organizational structure or jurisdiction of organization of the Borrower or any Credit Party, (ii) a change in the organizational identification number of the Borrower or any Credit Party and (iii) any change in the location of the chief executive office of the Borrower or any Credit Party or place of business of the Borrower or any Credit Party if it only has one place of business. The Borrower and each Credit Party shall also promptly, but in any event within thirty (30) days of receipt of an organizational identification number, if the Borrower or applicable Credit Party did not previously have one, notify the Agent of the receipt thereof.

(e) In order to facilitate a subsequent transfer, if any, of Slots held by the Borrower or any Credit Party, the Borrower and the applicable Credit Parties (A) have, prior to the Closing Date, executed a blank, undated transfer document for each Slot held by the Borrower and applicable Credit Parties, as applicable, as of the Closing Date, and (B) shall, on the date of acquisition thereof, execute a blank, undated transfer document for each Slot acquired by Borrower and any Credit Party after the Closing Date, in each case, to be held in escrow by Agent until (i) exercise by the Agent of its rights upon the occurrence and during the continuance of a Default or (ii) termination of, or release from, the Liens of the SGR Security Agreement and this Agreement in accordance with the terms thereof and hereof.

2.27 Increase in Interest.

(a) In the event that the Additional DIP (whether initially or by way of a future amendment) provides for an interest rate that exceeds the Eurodollar Rate or Floating Rate, the definition of Eurodollar Rate or Floating Rate, as applicable, will, at the Requisite Lenders' option, be increased such that the applicable interest rates hereunder shall be no less than the applicable interest rates under the Additional DIP; any such increase shall take effect on the same date as the increased rates under the Additional DIP became effective.

(b) It is the intent of this Section 2.27 to cause all interest rates hereunder to be no less than those interest rates charged under the Additional DIP.

ARTICLE III
YIELD PROTECTION; TAXES

3.1 Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender or any applicable Lending Installation to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender in respect of its Eurodollar Loans, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Loan), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining its Eurodollar Loans or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with its Eurodollar Loans, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Eurodollar Loans held or interest received by it, in each case by an amount deemed material by such Lender, and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation of making or maintaining its Eurodollar Loans or Commitment or to reduce the return received by such Lender or applicable Lending Installation in connection with such Eurodollar Loans or Commitment, then, within 15 days of written demand (together with reasonable documentation supporting such reimbursement request) by such Lender, the Borrower shall pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction in amount received.

3.2 Changes in Capital Adequacy Regulations. If a Lender reasonably determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change, then, within 15 days of written demand (together with reasonable documentation supporting such reimbursement request) by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender reasonably determines is attributable to this Agreement, its Loan or its Commitment to make a Loan hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3 Availability of Types of Loan. If any Lender reasonably determines that maintenance of a Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders reasonably determine that (i) deposits of a type and maturity appropriate to match fund the Eurodollar Loan is not available or (ii) the interest rate applicable to the Eurodollar Loan does not accurately reflect the cost of making or maintaining the Eurodollar Loan, then the Agent shall suspend the availability of the Eurodollar Loan and require any affected Eurodollar Loan to be repaid or converted to Floating Rate Loan, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4 Funding Indemnification. If any payment of a Eurodollar Loan occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Loan is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Loan.

3.5 Taxes.

(i) All payments by the Borrower or any other Credit Party to or for the account of any Lender or the Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all Taxes. If the Borrower or any other Credit Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower or the other applicable Credit Party shall make such deductions, (c) the Borrower or the other applicable Credit Party shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower or the other applicable Credit Party shall furnish to the Agent the original copy of a receipt (to the extent reasonably available) evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note ("Other Taxes").

(iii) The Borrower hereby agrees to indemnify the Agent and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Agent or such Lender as a result of its Commitment, any Loan made by it hereunder, or otherwise in connection with its participation in this Agreement and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Agent or such Lender makes written demand (together with reasonable documentation supporting such reimbursement request) therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten Business Days after the date of this Agreement, (i) deliver to the Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to the Agent a United States Internal Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, *unless* an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; *provided* that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv), above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Agent of a change in circumstances which rendered its

exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Agent under this subsection, together with all costs and expenses related thereto (including reasonable attorneys fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of a Eurodollar Loan under Section 3.3, so long as such designation is not, in the reasonable judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Agent) as to the amount due, if any, under Sections 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV.
CONDITIONS PRECEDENT

4.1 Conditions Precedent to the Loan. The Lenders shall not be required to make the Loan hereunder unless the Credit Parties have furnished to the Agent with sufficient copies for the Lenders the following documents and satisfied (or such condition has been waived) the following conditions, as applicable, in each case to Agent's reasonable satisfaction:

(i) Copies of the articles or certificate of incorporation of each Credit Party, together with all amendments, and a certificate of good standing (provided that such good standing certificate for iTarget.com, Inc. shall be delivered to the Agent within 30 days of the Closing Date) and, if reasonably requested by Agent, a certificate or certificates of qualification to do business as a foreign corporation, each certified by the appropriate governmental officer in its jurisdiction of incorporation or other applicable jurisdiction.

(ii) Copies certified by the Secretary or Assistant Secretary of the applicable Credit Party, of its by-laws and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which such Credit Party is a party.

(iii) An incumbency certificate or certificates, executed by the Secretary or Assistant Secretary of each Credit Party, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of each Credit Party authorized to sign the Loan Documents to which such Credit Party is a party, upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Credit Party.

(iv) A certificate, signed by the chief financial officer of the Borrower, stating that on the Borrowing Date no Default or Unmatured Default has occurred and is continuing.

(v) A written opinion of (i) Kirkland & Ellis, the Borrower's counsel, (ii) McAfee & Taft, special aviation counsel to the Agent, and (iii) Vedder, Price, Kaufman & Kammholz, special counsel to the Borrower and the Credit Parties, in each case addressed to the Lenders in form and substance reasonably acceptable to Agent.

(vi) Any Notes requested by a Lender pursuant to Section 2.13 payable to the order of each such requesting Lender.

(vii) Written money transfer instructions, in substantially the form of Exhibit B, addressed to the Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the

Agent may have reasonably requested.

(viii) To the extent that the applicable insurance certificate permits identifying Agent, for the benefit of the Lenders, as a lienholder junior to the Additional DIP Lenders, the insurance certificates described in Section 5.20, together with endorsements naming Agent, on behalf of the Lenders, as an additional insured and loss payee under all insurance policies maintained with respect to the Properties of the Credit Parties forming a part of the Collateral, subject only to the interests of the Additional DIP Lenders.

(ix) The Credit Parties shall have paid all reasonable fees and expenses (including reasonable fees and expenses of counsel) (including the fees specified in any fee letter between Bank One, NA and any Credit Party (the "Fee Letter")) required to be paid to the Agent and the Lenders on or before the Closing Date to the extent invoices have been presented to the Credit Parties.

(x) The Bankruptcy Court shall have approved the entry by the Borrower and the other Credit Parties into the Additional DIP Credit Agreement pursuant to which the Additional DIP Lenders shall have committed to lend $1,200,000,000 to the Borrower and which Indebtedness thereunder shall be secured by a first priority Lien in the Additional DIP Collateral and a Lien junior to that of Agent on all Co-Branded Card Collateral securing the Obligations. The Additional DIP Credit Agreement and all documents executed in connection with the Additional DIP shall be in form and substance reasonably satisfactory to Agent, including, without limitation, with respect to Agent's approval of the nature, availability requirements and repayment and default provisions of the Additional DIP. Simultaneously with the funding of the Loan hereunder, (a) $400,000,000 shall be advanced under the Additional DIP and (b) an additional $100,000,000 shall be made available to the Borrower under the Additional DIP.

(xi) The Additional DIP Lenders and the Agent and Lenders shall have executed an intercreditor agreement in form and substance reasonably acceptable to Agent (the "Additional DIP Intercreditor Agreement").

(xii) The Agent shall have received evidence, pursuant to the Interim Order or otherwise satisfactory to it, that Borrower and the Credit Parties have created in favor of Agent, for the benefit of Lenders, a valid and perfected first priority Lien in the Collateral (other than (i) the Additional DIP Collateral, as to which Agent's Lien shall be junior to that of the Additional DIP Lenders and (ii) any other Collateral for which non-avoidable, valid and perfected Liens were in existence at the time of the Petition Date or perfected subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code, as to which Agent's Lien shall be junior to such lienholders).

(xiii) All of the "first day orders" entered by the Bankruptcy Court at the time of the commencement of the Chapter 11 Cases, related orders and all motions and other documents to be filed with and submitted to the Bankruptcy Court in connection with this Agreement shall be reasonably satisfactory in form and substance to Agent, including, without limitation, pursuant to Section 365 of the Bankruptcy Code, the assumption (on a final and non-appealable basis) of the Co-Branded Card Agreements (including, without limitation, the Co-Branded Card Amendment) and the Co-Branded Debit Card Amendment.

(xiv) The Interim Order shall (a) have been entered by the Bankruptcy Court upon an application or motion of Borrower reasonably satisfactory in form and substance to Agent and on such prior notice to such parties as may be reasonably satisfactory to Agent, (b) be in full force and effect and (c) not have been reversed, stayed, modified or amended in a manner adverse to Agent in its sole discretion.

(xv) The Credit Parties, Bank One, Delaware, N.A. and the Agent shall have executed an agreement providing for, among other things, the ability of the Agent to apply amounts owed to UAL Loyalty Services, Inc. under the Co-Branded Card Agreements by Bank One, Delaware, N.A. to the Obligations.

(xvi) The Lenders shall have received (i) audited financial statements of the Credit Parties and Parent's Subsidiaries and its Affiliates on a consolidated basis for the fiscal year ended December 31, 2001, (ii) interim unaudited quarterly and monthly financial statements of the Credit Parties and Parent's Subsidiaries and Affiliates on a consolidated basis through the fiscal quarter ended September 30, 2002 and each fiscal month ending thereafter for which financial statements are available, (iii) the Credit Parties' business plan which shall include a financial forecast on a monthly basis for the fiscal period ending December 31, 2002 and on a monthly basis for the fiscal period ending December 31, 2003 and 2004 prepared by the Credit Parties and in a form reasonably acceptable to Agent (the "Financial Forecast") and (iv) a rolling 13-week cash budget for the 13-week period from the Petition Date, prepared by the Credit Parties and in a form reasonably acceptable to Agent.

(xvii) The Credit Parties shall have established a cash collateral account with Agent for cash deposits related to the Co-Branded Card Agreements. The Credit Parties, Bank One, Delaware, N.A. and the Agent shall have executed an agreement directing Bank One, Delaware, N.A. to make all payments under the Co-Branded Card Agreements directly to such cash collateral account.

(xviii) Except as set forth on Schedule 4.1 hereto, there shall exist no unstayed action, suit, investigation, litigation or proceeding (other than the Chapter 11 Cases) pending or, to the knowledge of the Credit Parties, threatened in any court or before any arbitrator or governmental instrumentality that (i) has a reasonable

probability of having a Material Adverse Effect or (ii) restrains, prevents or imposes or can reasonably be expected to impose materially adverse conditions upon the transactions contemplated hereby.

(xix) Such other documents as any Lender or its counsel may have reasonably requested, each in form and substance reasonably satisfactory to the Borrower and its counsel and the Lenders and its counsel.

(xx) There exists no Default or Unmatured Default.

(xxi) The representations and warranties contained in Article V are true and correct in all material respects as of such Borrowing Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

(xxii) All legal matters incident to the making of the Loan shall be reasonably satisfactory to the Lenders and their counsel.

(xxiii) The final order providing for the assumption of the Co-Branded Card Agreements and the Interim Order and, if such proposed Borrowing Date is more than 30 days following the commencement of the Chapter 11 Cases, the Final Order shall be in full force and effect and satisfactory to Agent and the Requisite Lenders and shall not have been reversed, stayed, modified or amended and no appeal of any such order shall be pending. The Co-Branded Card Agreements shall be in full force and effect and the Credit Parties shall not be in default thereunder.

(xxiv) Except (a) as disclosed in writing to the Agent and approved by the Requisite Lenders and (b) those events which (i) occur as a result of events leading up to and following the commencement of a case under Chapter 11 of the Bankruptcy Code and (ii) are reflected in the financial forecast delivered to Agent as required under Section 4.1 hereof, there shall have occurred no Material Adverse Effect since December 8, 2002 (other than those occurring as a result of events leading up to and following the commencement of a case under Chapter 11 of the Bankruptcy Code and as contemplated by the Financial Forecast).

(xxv) There shall exist no breach or default of any Credit Party in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in the Co-Branded Card Agreements or any document executed in connection therewith, and no other event shall have occurred or condition shall exist, the effect of which breach, default, event or condition is to cause, or to permit Bank One, Delaware, N.A. to suspend the payment of obligations otherwise owed under any of the Co-Branded Card Agreements or terminate any of the Co-Branded Card Agreements prior to the stated termination date.

(xxvi) The Borrower and each Credit Party shall have duly executed and delivered to the Agent a slot, gate and route security and pledge agreement (the "SGR Security Agreement"), in form and substance reasonably acceptable to Agent, duly executed by the Borrower and the Credit Parties as of the Closing Date and have taken such actions as may be contemplated by such agreement to perfect the Liens granted to the Agent thereunder.

(xxvii) The Borrower shall have duly executed and delivered to the Agent an aircraft mortgage (together with the Mortgage Supplement hereinafter described, the "Aircraft Mortgage"), and a Mortgage Supplement with respect to the Mortgaged Collateral in substantially the form annexed to the Aircraft Mortgage, and the Agent shall have received evidence that the Aircraft Mortgage and the Mortgage Supplement have been recorded with the FAA. The parties hereto acknowledge and agree that any Lien described in this Agreement on the Mortgaged Collateral is a Lien in favor of the Agent for the ratable benefit of the Lenders.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties jointly and severally represents and warrants to the Lenders that:

5.1 Existence and Standing. Each of the Borrower and the other Credit Parties (i) is duly organized and validly existing under the laws of the State of its organization and is duly qualified as a foreign organization and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect; (ii) subject to the entry by the Bankruptcy Court of the Interim Order (or the Final Order, when applicable) has the requisite corporate power and authority to effect the transactions contemplated hereby, and by the other Loan Documents to which it is a party, and (iii) subject to the entry by the Bankruptcy Court of the Interim Order (or the Final Order, when applicable) has all requisite organizational power and authority and, upon the entry of the Interim Order (or the Final Order, when applicable) the legal right to own, pledge, mortgage and operate its Properties, and to conduct its business as now or currently proposed to be conducted.

5.2 Authorization and Validity. Subject to the entry of the Interim Order of the Bankruptcy Court, each Credit Party has the power and authority and legal right to execute and deliver the Loan Documents and to perform its obligations thereunder. Subject to the entry of the Interim Order of the Bankruptcy Court, the execution and delivery by the Credit Parties of the Loan Documents and the performance of its obligations thereunder have been duly authorized by proper corporate or other

organizational proceedings, and the Loan Documents to which the applicable Credit Party is a party constitute legal, valid and binding obligations of such Credit Party enforceable against such Credit Party in accordance with their terms. This Agreement and the Loan Documents have been duly executed and delivered by each of the Borrower and the Credit Parties, as applicable.

5.3 No Conflict; Government Consent. Upon the entry by the Bankruptcy Court of the Interim Order, neither the execution and delivery by the Credit Parties of the Loan Documents, nor the creation and perfection of the security interest in the Collateral granted hereunder, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law (including, without limitation, the Securities Exchange Act of 1934), rule, regulation (including, without limitation, Regulations T, U or X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree or award binding on the Credit Parties or any of their Subsidiaries or (ii) any Credit Party's or any of its Subsidiaries' articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, mortgage, deed of trust, instrument or agreement entered into or affirmed postpetition to which any Credit Party or any of its Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of such Credit Party or any of its Subsidiaries pursuant to the terms of any such indenture, instrument or agreement. Except for the entry of the Interim Order by the Bankruptcy Court, no order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the applicable Credit Party or any of its Subsidiaries, is required to be obtained by such Credit Party or any of its Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Credit Parties of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4 Financial Statements. The Borrower has furnished the Lenders with copies of the audited consolidated financial statement and schedules of the Parent and its Subsidiaries for the fiscal year ended December 31, 2001 and the unaudited consolidated financial statements for the Parent and its Subsidiaries for the fiscal quarter ended September 30, 2002. Such financial statements present fairly in all material respects the financial condition and results of operations of the Parent and its Subsidiaries on a consolidated basis as of such dates and for such periods; such balance sheets and the notes thereto disclose all liabilities, direct or contingent, of the Parent and its Subsidiaries as of the dates thereof required to be disclosed by Agreement Accounting Principles and such financial statements were prepared in a manner consistent with Agreement Accounting Principles. No material adverse change in the operations, business, properties, assets, prospects or condition (financial or otherwise) of the Parent and its Subsidiaries, taken as a whole, has occurred from the date set forth in the Parent's and its Subsidiaries' financial statements for the fiscal year ended December 31, 2001 and the fiscal quarter ended September 30, 2002 other than those occurring as a result of events leading up to and following the commencement of a proceeding under Chapter 11 of the Bankruptcy Code and the commencement of the Chapter 11 Cases.

5.5 Material Adverse Change. Other than the filing of the Chapter 11 Cases, since December 31, 2001 there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

5.6 Taxes. The Parent and its Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Parent or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists. The United States income tax returns of the Parent and its Subsidiaries have been audited by the Internal Revenue Service through the fiscal year ended December 31, 2001. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Parent and its Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.7 Litigation and Contingent Obligations. There is no action, litigation, arbitration, governmental investigation, suit, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Parent or any of its Subsidiaries or any of their respective Properties which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Loan. The Borrower is a wholly-owned Subsidiary of the Parent. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, no Credit Party has material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8 Subsidiaries. Schedule 5.8 contains an accurate list of all Subsidiaries of each Credit Party as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by each Credit Party or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable. Except for changes in ownership permitted by this Agreement, the Borrower is a direct wholly-owned Subsidiary of the Parent and the Parent owns no other Subsidiaries, whether directly or indirectly, other than the Borrower, the Credit Parties (other than the Parent) and other than as listed on Schedule 5.8 (which shall be updated, on a quarterly basis, to reflect changes in ownership permitted by this Agreement). Other than as set forth on Schedule 5.8, (i) each of the Persons listed on Schedule 5.8 is a wholly-owned, direct or indirect Subsidiary of the Borrower, and (ii) the Borrower owns no other Subsidiaries, whether directly or indirectly.

5.9 Intentionally Deleted.

5.10 Statements Made. The information that has been delivered in writing by the Borrower or any of the Credit Parties to the Lenders or to the Bankruptcy Court in connection with any Loan Document, and any financial statement delivered pursuant hereto or thereto (other than to the extent that any such statements constitute projections), taken as a whole and in light of the circumstances in which made, contains no untrue statement of a material fact and does not omit to state a material fact necessary to make such statements not misleading; and, to the extent that any such information constitutes projections, such projections were prepared in good faith on the basis of assumptions, methods, data, tests and information believed by the Borrower or such Credit Party to be reasonable at the time such projections were furnished (it being understood that projections by their nature are inherently uncertain, that no assurances can be given that projections will be realized and that actual results may in fact differ materially from any projections provided to the Lenders).

5.11 Regulation U. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Parent and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U), or extending credit for the purpose of purchasing or carrying margin stock and no proceeds of any Loans will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

5.12 Material Agreements. No Credit Party nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect.

5.13 Compliance With Laws. (a) Except for matters which could not reasonably be expected to have a Material Adverse Effect, (i) the operations of the Borrower and the Credit Parties comply in all material respects with all applicable aviation, transportation, environmental, health and safety statutes and regulations, including, without limitation, regulations promulgated under the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.) and foreign aviation laws and regulations; (ii) to the Borrower's and each of the Credit Parties' knowledge, none of the operations of the Borrower or the Credit Parties is the subject of any Federal or state investigation evaluating whether any remedial action involving a material expenditure by the Borrower or any Credit Party is needed to respond to a release of any Hazardous Waste or Hazardous Substance (as such terms are defined in any applicable state or Federal environmental law or regulations) into the environment; and (iii) to the Borrower's and each of the Credit Party's knowledge, the Borrower and the Credit Parties do not have any material contingent liability in connection with any release of any Hazardous Waste or Hazardous Substance into the environment.

(b) Neither the Borrower nor any Credit Party is, to the best of its knowledge, in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority or Foreign Aviation Authorities the violation of which, or a default with respect to which, would have a Material Adverse Effect.

5.14 Ownership of Collateral. Except as set forth on Schedule 5.14, on the date of this Agreement, each Credit Party and its Subsidiaries will have good title, free of all Liens of any nature whatsoever other than those permitted by Section 6.26, to all of the Collateral and assets reflected in Parent's most recent consolidated financial statements provided to the Agent as owned by the Parent and its Subsidiaries. The Interim Order and the Final Order will grant to Agent for its benefit and the benefit of the Lenders, a legal, valid and binding first priority Lien on the Co-Branded Card Collateral and a legal, valid and binding junior priority Lien on the Additional DIP Collateral (directly behind the Additional DIP Lenders' Lien and as permitted under Section 6.26 hereof). Neither the Borrower nor the Credit Parties are parties to any contract, agreement, lease or instrument the performance of which, either unconditionally or upon the happening of an event, will result in or require the creation of a Lien on any assets of the Borrower or any Credit Party or otherwise result in a violation of this Agreement other than (x) the Liens granted to the Agent and the Lenders as provided for in this Agreement, (y) Liens granted to the Additional DIP Lenders and (z) Liens on aircraft parts to the extent that the terms of any mortgage or security agreement in effect on the Petition Date extends any Lien on an airframe or engine to include parts which are subsequently installed on such airframe or engine (to the extent permitted by law).

5.15 Intentionally Deleted.

5.16 Environmental Matters. In the ordinary course of its business, the officers of the Credit Parties consider the effect of Environmental Laws on the business of the Parent and its Subsidiaries, in the course of which they identify and evaluate potential risks and liabilities accruing to the Parent and its Subsidiaries due to Environmental Laws. On the basis of this consideration, the Borrower has concluded that Environmental Laws cannot reasonably be expected to have a Material Adverse Effect. Neither the Parent nor any Subsidiary has received any notice to the effect that its operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.17 Investment Company Act. No Credit Party nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. Neither the making of any Loan, nor the application of the proceeds or repayment thereof by the Borrower, nor the consummation of the other transactions contemplated by the Loan Documents, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

5.18 Public Utility Holding Company Act. No Credit Party nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding

company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19 Intentionally Deleted.

5.20 Insurance. All policies of insurance of any kind or nature owned by or issued to the Borrower and the Credit Parties, including, without limitation, policies of life, fire, theft, product liability, public liability, property damage, other casualty, employee fidelity, workers' compensation, employee health and welfare, title, property and liability insurance, are in full force and effect and are of a nature and provide such coverage, including, without limitation, war risk and terrorism liability insurance, that is in an amount that is no less than the greater of (i) the maximum amount available to the Borrower and the Credit Parties from the DOT under the Federal Aviation Insurance Program, as amended by the Air Transportation Safety and Stabilization Act and further amended by the Homeland Security Act of 2002 and the maximum (to the extent requested by the Agents) amount available under programs established pursuant to the Terrorism Risk Insurance Act of 2002 and (ii) such amount as is customarily carried by major United States air carriers in the United States domestic airline industry; and the Borrower and the Credit Parties maintain other insurance that is sufficient and in such amounts as is customary in the United States domestic airline industry for major United States air carriers.

5.21 Reorganization Matters.

(a) The Chapter 11 Cases were commenced on the Petition Date in accordance with applicable law and proper notice thereof and the proper notice for the hearing for the approval of the Interim Order and the Final Order has been given.

(b) After the entry of the Interim Order, and pursuant to and to the extent permitted in the Interim Order and the Final Order, the Obligations will constitute allowed administrative expense claims in the Chapter 11 Cases having priority over all administrative expense claims and unsecured claims against the Borrower now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expense claims of the kind specified in Sections 105, 326, 328, 330, 331, 503(b), 504(a), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provision of the Bankruptcy Code, as provided under Section 364(c)(1) of the Bankruptcy Code, subject, as to priority only to the Carve Out Reserve and provided that all such claims shall be pari passu with all allowed administrative expense claims under the Additional DIP.

(c) After the entry of the Interim Order and pursuant to and to the extent provided in the Interim Order and the Final Order, the Obligations will be secured by a valid and perfected first priority Lien on all of the Collateral, subject, as to priority, only to Liens in favor of the Additional DIP Lenders on the Additional DIP Collateral and the Liens permitted pursuant to Section 6.26(i).

(d) The Interim Order (with respect to the period prior to the Final Order Date) or the Final Order (with respect to the period on and after the Final Order Date), as the case may be, is in full force and effect and has not been reversed, stayed, modified or amended.

(e) Notwithstanding the provisions of Section 362 of the Bankruptcy Code, upon the maturity (whether by acceleration or otherwise) of any of the Obligations, Agent and Lenders shall be entitled to immediate payment of such Obligations and to enforce the remedies provided for hereunder, without further application to or order by the Bankruptcy Court.

5.22 Air Carrier Status. (a) The Borrower is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. The Borrower holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. The Borrower and the Parent are each a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies (a "United States Citizen"). The Borrower possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions and consents which are material to the operation of the routes flown by it and the conduct of its business and operations as currently conducted.

(b) No Credit Party (other than the Borrower) is (or will become) an "air carrier" within the meaning of Section 40102(a)(2) of Title 49, and no Credit Party (other than the Borrower) holds (or will hold) a certificate under Section 41102(a)(1) of Title 49.

5.23 Slot Utilization. The Borrower is utilizing the Slots in a manner consistent with applicable regulations and contracts in order to preserve both its right to hold and operate the Slots, taking into account any waivers or other relief granted to the Borrower by the FAA. The Borrower has not received any notice from the FAA, and is not aware of any other event or circumstance, that would be reasonably likely to impair its right to hold and operate the Slots in any material respect.

5.24 Primary Foreign Slot Utilization. The Borrower is utilizing the Primary Foreign Slots in a manner consistent with applicable regulations, foreign laws, and contracts in order to preserve both its right to hold and operate the Primary Foreign Slots. The Borrower has not received any notice from any applicable Foreign Aviation Authorities, nor is the Borrower aware of any other event or circumstance, that would be reasonably likely to impair its right to hold and operate any Primary Foreign Slots in any material respect.

5.25 Primary Route Utilization. The Borrower holds the requisite authority to operate over each of the Primary Routes pursuant to Title 49, all rules and regulations promulgated thereunder, applicable foreign law, and the applicable rules and regulations of the FAA, the DOT and any applicable Foreign Aviation Authorities, and has, at all times after being awarded each such Primary Route, complied in all material respects with all of the terms, conditions and limitations of each such certificate or order issued by the DOT and the applicable Foreign Aviation Authorities regarding such Primary Route and with all applicable provisions of Title 49 or applicable foreign law. There exists no violation of such terms, conditions or limitations that gives the

FAA, DOT or any applicable Foreign Aviation Authorities the right to terminate, cancel, withdraw or modify in any material adverse respect the rights of the Borrower in any such Primary Route.

5.26 Non-Primary Route Utilization. The Borrower holds the requisite authority to operate over each of the Non-Primary Routes pursuant to Title 49, all rules and regulations promulgated thereunder, and the applicable rules and regulations of the DOT and FAA. To the best of the Borrower's knowledge, there exists no violation of such terms, conditions or limitations that gives the FAA, DOT or any applicable Foreign Aviation Authorities the right to terminate, cancel, withdraw or modify in any material adverse respect the rights of the Borrower in any such Non-Primary Route over which the Borrower currently operates.

5.27 Ownership Interest in Slots, Routes and Gates. No Credit Party has (or will have) any right, title or interest in any of the Slots, Foreign Slots, Routes, Supporting Route Facilities or Gate Leaseholds.

ARTICLE VI.
COVENANTS

During the term of this Agreement and until the Aggregate Commitment has been terminated and all Obligations have been repaid in full in cash (other than contingent indemnification obligations in respect of which no claims giving rise thereto have been asserted) unless the Required Lenders shall otherwise consent in writing:

6.1 Financial Reporting. The Parent will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

(a) within 90 days after the end of each fiscal year, the Parent's consolidated balance sheet and related statement of income and cash flows, showing the financial condition of the Borrower, the Parent and its Subsidiaries on a consolidated basis as of the close of such fiscal year and the results of their respective operations during such year, the consolidated statement of the Parent to be audited for the Parent by Deloitte and Touche LP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which shall not be qualified in any material respect other than with respect to the Chapter 11 Cases or a going concern qualification) and to be certified by an Authorized Officer of the Parent to the effect that such consolidated financial statements fairly present the financial condition and results of operations of the Borrower, the Parent and its Subsidiaries on a consolidated basis in accordance with Agreement Accounting Principles. Such delivery shall be accompanied by any management letter prepared by such accountants;

(b) within 45 days after the end of each of the first three fiscal quarters, the Parent's consolidated balance sheets and related statements of income and cash flows, showing the financial condition of the Borrower, the Parent and its Subsidiaries on a consolidated basis as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then elapsed portion of the fiscal year, each certified by an Authorized Officer as fairly presenting in all material respects the financial condition and results of operations of the Borrower, the Parent and its Subsidiaries on a consolidated basis in accordance with Agreement Accounting Principles, subject to normal year-end audit adjustments and the absence of footnotes;

(c) (i) concurrently with any delivery of financial statements under (a) and (b) above, a certificate of an Authorized Officer (A) certifying that no Default or Unmatured Default, or, if such a Default or Unmatured Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (B) setting forth computations in reasonable detail satisfactory to the Agent demonstrating compliance with the provisions of Sections 6.22, 6.24, 6.25 and 6.35 and (ii) concurrently with any delivery of financial statements under (a) above, a certificate (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations) of the accountants auditing the consolidated financial statements delivered under (a) above certifying that, in the course of the regular audit of the business of the Borrower, the Parent and its Subsidiaries, such accountants have obtained no knowledge that a Default has occurred and is continuing, or if, in the opinion of such accountants, a Default has occurred and is continuing, specifying the nature thereof and all relevant facts with respect thereto;

(d) as soon as available, but no more than 30 days after the end of each fiscal month (i) the consolidated and unaudited monthly cash flow reports, consolidated balance sheets and related statements of income of the Borrower and its Subsidiaries on a consolidated basis and as of the close of such fiscal month and the results of their operations during such month and the then elapsed portion of the fiscal quarter, (ii) an updated 13-week rolling cash flow projection together with a weekly reconciliation of such cash flows to actual weekly results, and (iii) a monthly report detailing professional fees and expenses that have been billed and paid or billed but unpaid to date, the accumulated "hold-back" of professional fees and expenses to date, material adverse events or changes (if any) to the financial condition, operations, business, properties, assets or prospects of the Borrower and the Credit Parties taken as a whole and material litigation (if any), each certified by an Authorized Officer of the Parent as fairly presenting in all material respects the financial condition and results of operations of the Borrower, the Parent and its Subsidiaries on a consolidated basis in accordance with Agreement Accounting Principles, subject to normal year-end audit adjustments and the absence of footnotes;

(e) as soon as possible, and in any event within 30 days of the Closing Date, a consolidated proforma balance sheet of the Parent's and its Subsidiaries' financial condition as of the Petition Date;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it with the Securities and Exchange Commission, or any governmental authority succeeding to any of or all the functions of said commission, or with any national securities exchange, as the case may be;

(g) as soon as available and in any event (A) within 30 days after the Borrower or any of its ERISA Affiliates knows or has reason to know that any Termination Event described in clause (i) of the definition of Termination Event with respect to any Single Employer Plan of the Borrower or such ERISA Affiliate has occurred and (B) within 10 Business Days after the Borrower or any of its ERISA Affiliates knows or has reason to know that any other Termination Event with respect to any such Plan has occurred, a statement of an Authorized Officer of the Borrower describing the full details of such Termination Event and the action, if any, which the Borrower or such ERISA Affiliate is required or proposes to take with respect thereto, together with any notices required or proposed to be given to or filed with or by the Borrower, the ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto;

(h) promptly and in any event within 10 Business Days after receipt thereof by the Borrower or any of its ERISA Affiliates from the PBGC copies of each notice received by the Borrower or any such ERISA Affiliate of the PBGC's intention to terminate any Single Employer Plan of the Borrower or such ERISA Affiliate or to have a trustee appointed to administer any such Plan;

(i) if requested by Agent promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Single Employer Plan of the Borrower or any of its ERISA Affiliates;

(j) within 10 Business Days after notice is given or required to be given to the PBGC under Section 302(f)(4)(A) of ERISA of the failure of the Borrower or any of its ERISA Affiliates to make timely payments to a Plan, a copy of any such notice filed and a statement of an Authorized Officer of the Borrower setting forth (A) sufficient information necessary to determine the amount of the lien under Section 302(f)(3) of ERISA, (B) the reason for the failure to make the required payments and (C) the action, if any, which the Borrower or any of its ERISA Affiliates proposed to take with respect thereto;

(k) promptly and in any event within 10 Business Days after receipt thereof by the Borrower or any ERISA Affiliate from a Multiemployer Plan sponsor, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of Withdrawal Liability by a Multiemployer Plan, (B) the determination that a Multiemployer Plan is, or is expected to be, in reorganization within the meaning of Title IV of ERISA, (C) the termination of a Multiemployer Plan within the meaning of Title IV of ERISA, or (D) the amount of liability incurred, or which may be incurred, by the Borrower or any ERISA Affiliate in connection with any event described in clause (A), (B) or (C) above;

(l) promptly, from time to time, such other information regarding the operations, business affairs and condition (financial and otherwise) and Collateral of the Borrower or any Credit Party, or compliance with the terms of any material loan or financing agreement as the Agent, at the request of any Lender, may reasonably request;

(m) furnish to the Lenders and their counsel promptly after the same is available, copies of all pleadings, motions, applications, judicial information, financial information and other documents filed by or on behalf of the Borrower or any of the Credit Parties with the Bankruptcy Court in the Chapter 11 Cases, or distributed by or on behalf of the Borrower or any of the Credit Parties to any official committee appointed in the Chapter 11 Cases;

(n) on the fifth Business Day following the end of each seven-day reporting period (or, with respect to the final report to be delivered in any two-month period, following the end of such two-month period), a slot utilization report conforming to the Slot Reporting Guidelines for the most recently completed reporting period, showing, for each airport and time allotment set forth in Schedule 6.1(n) as amended from time to time, the percentage utilization for the Slots for such airport during such time allotment for the cumulative period ending on the last day of such reporting period, certified by an Authorized Officer of the Borrower and stating that the Borrower is conducting its operations and monitoring Slot usage in a manner such that the Borrower should be able to meet the Use or Lose Rule for such Slots with respect to the applicable two-month FAA reporting period;

(o) as soon as available, but in any event within 30 days prior to the beginning of each fiscal year of the Borrower, a copy of the plan and forecast (including a projected consolidated balance sheet, income statement and funds flow statement) of the Parent and its Subsidiaries for the immediately succeeding fiscal year;

(p) no later than 12:00 noon (Chicago time) on Friday of each week, a variance report identifying the variance to actual thirteen (13) week cash flow projections of each Credit Party and their Subsidiaries for the immediately succeeding thirteen (13) week period, accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion;

(q) as soon as possible and in any event within 10 days after receipt by any Credit Party, a copy of (a) any notice or claim to the effect that such Credit Party or any of its Subsidiaries is or may be liable to any Person as a result of the release by such Credit Party, any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by any Credit Party or any of its Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect;

(r) promptly upon becoming aware thereof, notice of (a) any dispute, litigation, investigation or proceeding which may exist at any time between any Credit Party or any of its Subsidiaries and any other Person which could reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect, or (b) the commencement of or any material

development in, any litigation or proceeding affecting any Credit Party in which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or in which the relief sought is an injunction or other stay of the performance of this Agreement or any Loan Document; and

(s) simultaneously with the furnishing thereof to the Additional DIP Lenders, all reports, documents, certificates and other information required to be furnished to the Additional DIP Lenders pursuant to the Additional DIP Credit Agreement.

6.2 Use of Proceeds. The Borrower will, and will cause each Subsidiary to, use the proceeds of the Loan for general working capital and other corporate purposes. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Loan to purchase or carry any "margin stock" (as defined in Regulation U). Such proceeds may not be used in connection with the investigation (including discovery proceedings), initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the Lenders or the Agent in their capacities as such.

6.3 Notice of Default. Each Credit Party will, and will cause each Subsidiary to, give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.4 Conduct of Business; Corporate Existence.

(a) Each Credit Party will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(b) Each Credit Party will, and will cause each Subsidiary to preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except if such failure to preserve the same could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5 Obligations and Taxes. The Parent will, and will cause each Subsidiary to pay all of its respective material obligations arising after the Petition Date promptly and in accordance with their terms and timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles.

6.6 Insurance. (a) In addition to the requirements of Section 6.6(b), the Borrower and each Credit Party shall (i) keep its insurable properties insured at all times, against such risks, including fire and other risks insured against by extended coverage, as is customary with companies of the same or similar size in the same or similar businesses (including, without limitation, casualty insurance or reinsurance on its aircraft at the appraised value) and which is reasonably satisfactory to the Agent; and maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any Property (including aircraft) owned, occupied or controlled by the Borrower or any Credit Party, as the case may be, in such amounts (giving effect to self-insurance) and with such deductibles as are required pursuant to Section 5.20; and (ii) maintain such other insurance or self insurance as may be required by law.

(b) The Borrower and each Credit Party shall maintain in full force and effect war risk and terrorism insurance on all its property in an amount that is no less than (x) through June 30, 2003 (unless the Federal Aviation Insurance Program, as amended through the date hereof, is extended to December 31, 2003, in which case, December 31, 2003), the maximum amount available to the Borrower and the Credit Parties from the DOT under the Federal Aviation Insurance Program, as amended by the Air Transportation Stabilization Act and Regulations and further amended by the Homeland Security Act of 2002 and (y) thereafter, such amount as is then customary for major United States air carriers in the United States domestic airline industry.

(c) The Borrower and each Credit Party shall maintain business interruption insurance in amounts that are reasonably satisfactory to the Agent and customary in the airline industry for major United States carriers with foreign operations.

(d) The Borrower and each Credit Party shall promptly deliver to the Agent copies of any notices received from its insurers with respect to insurance programs required by the Terrorism Risk Insurance Act of 2002 and, if so requested by the Agent, procure and maintain in force the insurance that is offered in such programs.

6.7 Compliance with Laws. The Credit Parties will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws and all Federal Aviation Administration regulations.

6.8 Maintenance of Properties. The Credit Parties will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep their Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that their business carried on in connection therewith may be properly conducted at all times.

6.9 Inspection. The Credit Parties will, and will cause each Subsidiary to, permit the Agent and the Lenders, by their respective representatives, agents and advisors, to inspect any of the Property (including, without limitation, conducting

appraisals and examinations of and monitoring the Collateral held by the Agent; provided that, Agent's appraisals of Additional DIP Collateral shall be at Agent's expense unless and until either (a) a Default exists or (b) the Additional DIP Credit Agreement has been paid in full and terminated), books and financial records and any appraisals of the Credit Parties and each Subsidiary, to examine and make copies and abstracts of the books of accounts and other financial records of the Credit Parties and each Subsidiary, and to discuss the affairs, finances and accounts of the Credit Parties and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Agent or any Lender may designate. All such reasonable inspections shall be at the expense of the Borrower. The Credit Parties will maintain complete and accurate books and records (in accordance with Agreement Accounting Principles) with respect to the financial operations of the Credit Parties and the Collateral, and furnish to the Agent, with sufficient copies for each of the Lenders, such reports relating to the Collateral as the Agent shall from time to time request.

6.10 FAA and DOT Matters; Citizenship. In the case of the Borrower, the Borrower shall (a) maintain at all times its status at the DOT as an "air carrier" within the meaning of Section 40102(a)(2) of Title 49, and hold a certificate under Section 41102(a)(1) of Title 49; (b) at all times hereunder be a United States Citizen; (c) maintain at all times its status at the FAA as an air carrier and hold an air carrier operating certificate and other operating authorizations issued by the FAA pursuant to 14 C.F.R. Sections 119 and 121 as currently in effect or as may be amended or recodified from time to time; and (d) possess and maintain all necessary certificates, exemptions, franchises, licenses, permits, designations, rights, concessions, authorizations and consents which are material to the operation of the Slots, the Primary Routes and Primary Foreign Slots flown by it and the conduct of its business and operations as currently conducted except in any case described in this clause (d), where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a Material Adverse Effect.

6.11 Gate Utilization. The Borrower and each Credit Party shall utilize all of its Gate Leaseholds in a manner sufficient to comply in all material respects with applicable lease provisions governing such airport gate leaseholds.

6.12 Compliance With Terms of Leaseholds. The Borrower and each Credit Party shall (i) make all Postpetition payments and otherwise perform all obligations in respect of all leases of real property (including, without limitation, arrangements with respect to Gate Leaseholds to which the Borrower or any Credit Party may be party), to the extent necessary to keep such leases in full force and effect and not allow such leases to lapse or be terminated or any rights to renew such leases to be forfeited or cancelled, and (ii) notify the Agent of any default by any party with respect to such leases and cooperate with the Agent in all respects to cure any such default, except, in any case, where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a Material Adverse Effect.

6.13 Slot Utilization. The Borrower shall:

(i) utilize the Slots in a manner consistent in all material respects with applicable regulations and contracts in order to preserve its right to hold and operate the Slots, taking into account any waivers or other relief granted to the Borrower by the FAA.

(ii) cause to be done all things reasonably necessary to preserve and keep in full force and effect its rights in and use of its Slots, including, without limitation, satisfying the Use or Lose Rule. Without in any way limiting the foregoing, the Borrower shall promptly take all such steps as may be reasonably necessary now or in the future to maintain, renew and obtain the rights, licenses, authorizations or certifications as are necessary to the continued and future holding and use by the Borrower of its Slots.

6.14 Primary Foreign Slot Utilization. The Borrower shall:

(i) utilize the Primary Foreign Slots in a manner consistent in all material respects with applicable regulations and contracts in order to preserve its right to hold and operate the Primary Foreign Slots, taking into account any waivers or other relief granted to the Borrower by any applicable Foreign Aviation Authorities.

(ii) cause to be done all things reasonably necessary to preserve and keep in full force and effect its rights in and use of its Primary Foreign Slots. Without in any way limiting the foregoing, the Borrower shall promptly take all such steps as may be reasonably necessary now or in the future to maintain, renew and obtain the rights, licenses, authorizations or certifications as are necessary to the continued and future holding and operation by the Borrower of its Primary Foreign Slots.

6.15 Primary Route Utilization; Route Reporting. The Borrower and each Credit Party shall:

(i) utilize the Primary Routes in a manner consistent in all material respects with Title 49, rules and regulations promulgated thereunder, and applicable foreign law, and the applicable rules and regulations of the FAA, DOT and any applicable Foreign Aviation Authorities, including, without limitation, any operating authorizations, certificates, bilateral authorizations and bilateral agreements with any applicable Foreign Aviation Authorities and contracts with respect to such Primary Routes, in order to preserve its rights to hold and operate the Primary Routes and utilize the Supporting Route Facilities for the Primary Routes.

(ii) cause to be done all things reasonably necessary to preserve and keep in full force and effect its material rights in and to use its Primary Routes, except as to its authority for seven weekly services on a Fifth-Freedom basis between Hong Kong and Japan pursuant to Notice of Action Taken issued by DOT Docket OST-02 13760, dated November 22, 2002. Without in any way limiting the foregoing, the Borrower shall promptly take (i) all such steps as may be reasonably necessary to obtain renewal of each such Primary Route authority from the DOT and any applicable Foreign Aviation Authorities, within a reasonable time prior to the expiration of such authority (as prescribed by law ore regulation, if any), and notify the Agent of the status of such renewal and (ii) all such other steps as may be necessary to maintain, renew and obtain any and all Supporting

Route Facilities for the Primary Routes as needed for the continued and future operations of the Borrower over the Primary Routes which are now allocated or possessed, or as may hereafter be allocated or acquired. The Borrower shall further take all actions reasonably necessary or, in the reasonable judgment of Agent or the agent for the Additional DIP Lenders, advisable in order to maintain its material rights to use its Primary Routes (including, without limitation, protecting the Primary Routes from dormancy or withdrawal by the DOT) and Supporting Route Facilities for the Primary Routes. The Borrower and any applicable Credit Party shall pay any applicable filing fees and other expenses related to the submission of applications, renewal requests, and other filings as may be reasonably necessary to maintain or obtain such entity's rights in the Primary Routes and Supporting Route Facilities for the Primary Routes.

(iii) promptly upon receipt thereof, deliver to the Agent copies of (i) each certificate or order issued by the DOT and the applicable Foreign Aviation Authorities with respect to Primary Routes and Supporting Route Facilities for the Primary Routes, (ii) all filings made by the Borrower with any Governmental Authority or any Foreign Aviation Authorities related to preserving and maintaining the Primary Routes and Supporting Route Facilities for the Primary Routes and (iii) any notices received from any Person notifying the Borrower or any applicable Credit Party of an event which could have a potential adverse effect upon the Primary Routes and Supporting Route Facilities for the Primary Routes, or the failure to preserve such Primary Routes and Supporting Route Facilities for the Primary Routes as required pursuant to this Section 6.15.

6.16 Business Plan. The Borrower and each Credit Party shall make its senior officers available to discuss the Borrower's business plan (a copy of which has heretofore been delivered to the Agent referred to in Section 4.1(xvi)) with the Agent upon the Agent's reasonable request.

6.17 ATSB Application. The Borrower and each Credit Party shall use all reasonable efforts to modify its previously filed Application with the ATSB, and comply in all material respects with any reasonable request from the ATSB for information in connection with such Application, to obtain a guarantee of any exit financing which may be required in connection with a Plan of Reorganization.

6.18 Operational Matters. The Borrower and each Credit Party shall:

(a) provide the Agent with ten (10) days prior written notice of its intent to store any Aircraft, Engine or Spare Engine (each as defined in the Aircraft Mortgage) and obtain the written consent of the Agent to (i) the identity of, and servicing obligations of, any third party with which such Aircraft, Engine or Spare Engine may be stored from time to time and (ii) the location at which such Aircraft, Engine or Spare Engine will be stored (it being understood that all such storage locations shall be reasonably satisfactory to the Agent).

(b) promptly notify the Agent of any reduction in work force or reallocation of the work force with primary responsibility for preparing and maintaining maintenance records for the Borrower and the Credit Parties.

(c) provide to the Agent, no later than the last Business Day after the end of each month, the information described in Schedule 6.18(c) in a format reasonably satisfactory to the Agent.

6.19 Additional Collateral. The Borrower and each Credit Party shall:

(a) upon any additional aircraft, engines, spare engines or spare parts becoming free and clear of liens, deliver to the Agent an Aircraft Mortgage and Mortgage Supplement with respect to such aircraft, engines, spare engines or spare parts.

(b) upon ten (10) days' notice from Agent, supplement Schedule 1.1(a) and (b) to include any other Foreign Slots or Routes of the Borrower as the Agent may reasonably require to be added to such Schedule as a Primary Foreign Slot or Primary Route, as the case may be.

6.20 Post Closing. The Borrower and each Credit Party shall:

(a) cause to be delivered to the Agent, within 45 days of the Closing Date, a favorable opinion of McAfee & Taft, special counsel to the Agent, with regard to, among other things, Liens on such aircraft, engines, spare parts and spare engines on which the Agent, for the benefit of the Lenders, is entitled to have a second priority Lien, in form and substance reasonably satisfactory to the Agent.

(b) deliver to the Agent, within 60 days of the Closing Date, a complete list of the Routes, Supporting Route Facilities and Foreign Slots.

6.21 Dividends; Capital Stock. No Credit Party will, nor will any Credit Party permit any Subsidiary to, declare or pay, directly or indirectly, any dividends or make any other distribution or payment, whether in cash, property, securities or a combination thereof, with respect to (whether by reduction of capital or otherwise) any shares of capital stock (or any options, warrants, rights or other equity securities or agreements relating to any capital stock), or set apart any sum for the aforesaid purposes, provided, that (i) any Credit Party other than the Parent may pay dividends to the Borrower or another Credit Party and (ii) the Borrower and any Credit Party (other than the Parent) may pay dividends or make other distributions or payments to the Parent for corporate expenses, including, without limitation, taxes and salaries.

6.22 Indebtedness. No Credit Party will, nor will any Credit Party permit any Subsidiary to contract, create, incur, assume or suffer to exist any Indebtedness, except for (i) Indebtedness under the Loan Documents; (ii) Indebtedness incurred prior to the Petition Date (including existing Capitalized Leases as set forth on Schedule 6.22); (iii) intercompany Indebtedness between the Borrower and the Credit Parties, provided that (a) all such Indebtedness owing by the Credit Parties or any Subsidiary shall be subordinated to the indefeasible payment in full of the Obligations on terms and in form and substance satisfactory to Agent and (b) at the request of Agent, such Indebtedness shall be evidenced by promissory notes payable to the applicable Credit Party, in form and substance satisfactory to Agent, which promissory notes shall be pledged to Agent as part of the Collateral, (iv) Indebtedness owed to the Additional DIP Lenders under the Additional DIP in an aggregate principal amount not to exceed $1,200,000,000; (v) Indebtedness incurred subsequent to the Petition Date secured by purchase money Liens or Capitalized Leases in an aggregate amount not to exceed the amounts permitted under Section 6.35(a); (vi) Indebtedness owed to any Lender (or any of its banking Affiliates) or any other Person in respect of fuel hedges and other derivatives contracts, in each case to the extent that such agreement or contract is permitted by order of the Bankruptcy Court and entered into in the ordinary course of business consistent with past practices; (vii) Indebtedness owed to any Lender, any Additional DIP Lender or any of their respective banking Affiliates in respect of (A) currency swap agreements, currency future or option contracts and other similar agreements designed to hedge against fluctuations in foreign interest rates and currency values, and (B) interest rate swap, cap or collar agreements and interest rate future or option contracts, in each case to the extent that such agreement or contract is permitted by order of the Bankruptcy Court and entered into in the ordinary course of business consistent with past practices; (viii) Indebtedness owed to any Lender, any Additional DIP Lender or any of their banking Affiliates in respect of any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds; (ix) refinancings and replacements of Indebtedness secured directly or indirectly by "equipment" described in Section 1110(a)(3) of the Bankruptcy Code (as in effect on the Petition Date hereof and permitted by Section 6.22(ii)), provided that (A) the principal amount of such existing Indebtedness shall not be increased above the principal amount thereof outstanding immediately prior to such refinancing or replacement, (B) the maturity of such existing Indebtedness shall not be shortened as a result of such refinancing or replacement, (C) the weighted average life to maturity of such existing Indebtedness shall not be reduced as a result of such refinancing or replacement, and (D) the direct and contingent obligors therefore shall not be changed, as a result of or connection with such refinancing or replacement; (x) guarantees permitted under Section 6.29; (xi) Indebtedness of any of the Borrower and the Credit Parties consisting of take-or-pay obligations contained in supply agreements entered into in the ordinary course of business and consistent with past practices of the Borrower and the Credit Parties; (xii) Indebtedness of any of the Borrower and the Credit Parties arising in the ordinary course of business and consistent with the past practices of the relevant party and owing to Citibank, N.A. and its banking Affiliates providing netting services with respect to intercompany Indebtedness permitted to be incurred and outstanding pursuant to this Agreement so long as such Indebtedness does not remain outstanding for more than three days from the date of its incurrence; (xiii) Indebtedness of any of the Borrower and the Credit Parties to credit card processors in connection with credit card processing services incurred in ordinary course of business and consistent with past practices of the Borrower and the Credit Parties; and (xiv) other Indebtedness incurred subsequent to the Petition Date in an aggregate amount not to exceed $10,000,000.

6.23 Merger. The Credit Parties will not, nor will they permit any Subsidiary to, merge or consolidate with or into any other Person, except that any Guarantor may merge with any other Guarantor or the Borrower.

6.24 Dispositions of Assets. The Credit Parties will not, nor will they permit any Subsidiary to, sell or otherwise dispose of any assets (including, without limitation, the capital stock of any Subsidiary), or permit any of their Subsidiaries that are not Credit Parties so to do, except for: (i) sales or dispositions of assets (not including (A) aircraft, engines, spare engines or spare parts or (B) Slots, Foreign Slots, Routes, Supporting Route Facilities or Gate Leaseholds, the disposition of which assets referred to in this clause (B) shall be in accordance with clause (xi) of this Section) in the ordinary course of business; (ii) sales or dispositions of surplus, obsolete, negligible or uneconomical assets (including, without limitation, aircraft, engines, spare engines and spare parts, but excluding Slots, Foreign Slots, Routes, Supporting Route Facilities and Gate Leaseholds) no longer used in the business of the Borrower and the Credit Parties; provided, that (1) 100% of the Net Proceeds (as defined in the Additional DIP Credit Agreement) of any such sale or other disposition of aircraft included within the Borrowing Base (as defined in the Additional DIP Credit Agreement) at the time of such sale or other disposition shall be applied as a mandatory prepayment and permanent reduction of the Additional DIP pursuant to Section 2.13(b) of the Additional DIP Credit Agreement and (2) 100% of the cumulative Net Proceeds (as defined in the Additional DIP Credit Agreement) of such sales or other dispositions of property or assets (other than aircraft included within the Borrowing Base (as defined in the Additional DIP Credit Agreement)) in an aggregate amount in excess of (aa) $200,000,000 in respect of such sales or other dispositions made during the period from the Closing Date through December 31, 2003 and (bb) $300,000,000 in respect of such sales or other dispositions made during the term of this Agreement, shall be applied as a mandatory prepayment and permanent reduction of the Additional DIP pursuant to Section 2.13(b) of the Additional DIP Credit Agreement; (iii) sales or dispositions of assets among the Borrower and the Credit Parties; (iv) sales or dispositions of assets set forth on Schedule 6.24 hereto; (v) sales or dispositions in arm's length transactions, at fair market value and for cash in an aggregate amount not to exceed $5,000,000; provided, that 100% of the aggregate Net Proceeds (as defined in the Additional DIP Credit Agreement) of such sales or dispositions shall be applied as a mandatory prepayment and permanent reduction of the Additional DIP pursuant to Section 2.13(b) of the Additional DIP Credit Agreement, providedfurtherthat such prepayment and permanent reduction shall be made each time the cumulative Net Proceeds of such sales or other dispositions not theretofore so applied is equal to $1,000,000; (vi) abandonment and licensing (or sublicensing) of intellectual property Collateral provided, that such abandonment and licensing (or sublicensing) is (A) consistent with past practices and (B) with respect to intellectual property that is not material to the business of the Borrower and the Credit Parties; (vii) dispositions of assets located outside of the United States in an amount not to exceed $2,000,000; (viii) termination or rejection of any lease or the return, surrender or abandonment of any property subject thereto; (ix) the sale or discount of accounts receivable to a collection agency in connection with collections of delinquent receivables; (x) sales and dispositions of equipment, to the extent that (A) such property is exchanged for credit against the purchase price of similar replacement property or (B) the proceeds of such sale or disposition are promptly applied to the purchase price of such replacement property, provided, that any sale or disposition of Mortgaged Collateral shall only be in

accordance with terms of the Aircraft Mortgage; (xi) dispositions permitted by any of the Loan Documents; (xii) sales, exchanges and swaps of engines and spare parts in the ordinary course of business and consistent with past practice and to the extent permitted by the Loan Documents; and (xiii) sales and dispositions of Section 1110 Assets.

6.25 Investments. The Credit Parties will not, nor will they permit any Subsidiary to, purchase, hold or acquire any capital stock, evidences of indebtedness or other securities of, make or permit to exist any loans or advances to, or make or permit to exist any investment in, any other Person (all of the foregoing, "Investments") except: (i) ownership by the Parent of the capital stock of the Borrower or any Credit Party, as listed on Schedule 5.8, (ii) ownership by the Borrower and the Guarantors of the capital stock of each of the Subsidiaries listed on Schedule 5.8; (iii)Permitted Investments; (iv) advances and loans among the Borrower and the Credit Parties in the ordinary course of business; (v) Investments in the Escrow Accounts and other trust accounts;(vi) Investments existing on the Petition Date and described on Schedule 5.8 hereto; (vii) Investments in connection with (A) currency swap agreements, currency future or option contracts and other similar agreements designed to hedge against fluctuations in foreign interest rates and currency values, (B) interest rate swap, cap or collar agreements and interest rate future or option contracts, and (C) fuel hedges and other derivatives contracts, in each case to the extent that such agreement or contract is permitted by order of the Bankruptcy Court and by Section 6.22 and entered into in the ordinary course of business consistent with past practices; (viii) Investments received in settlement of amounts due to any of the Borrower and the Credit Parties effected in the ordinary course of business (including as a result of dispositions permitted by this Agreement); (ix) Investments in an amount not to exceed $10,000,000 in the aggregate in travel or airline related businesses made in connection with marketing and promotion agreements, alliance agreements, distribution agreement, agreements with respect to fuel consortiums, agreements relating to flight training, agreement relating to insurance arrangements, agreement relating to parts management systems and other similar agreements; (x) advances to officers, directors and employees of the Borrower and the Credit Parties in an aggregate amount not to exceed (A) $10,000 at any time outstanding to any individual officer, director or employee or (B) $500,000 in the aggregate at any time outstanding for all such advances; (xi) additional Investments in joint ventures listed in Schedule 5.8 for Investments in new joint ventures made after the Petition Date in an aggregate amount thereof at any one time not to exceed $10,000,000 for all Investments made pursuant to this clause together with any guaranty of Indebtedness pursuant to Section 6.29(iv); (xii) Investments held or invested in by any of the Borrower and the Credit Parties in the form of foreign cash equivalents in the ordinary course of business and consistent with past practices of the Borrower and the Credit Parties; (xiii) Investments by the Borrower and the Credit Parties not otherwise permitted under this Agreement in an aggregate amount not to exceed $5,000,000; and (xiv) advances to officers, directors and employees of the Borrower and the Credit Parties in connection with relocation expenses or signing bonuses for newly hired officers, directors or employees of the Borrower and the Credit Parties. The term "Investments" shall not include deposits to secure the performance of leases.

6.26 Liens. The Credit Parties will not, nor will they permit any Subsidiary to, incur, create, assume or suffer to exist any Lien on any asset of the Borrower or the Credit Parties, now owned or hereafter acquired by the Borrower or any of such Credit Parties, other than (i) Liens which were existing on the Petition Date as reflected on Schedule 5.14; (ii) Permitted Liens; (iii) Liens in favor of the Agent and the Lenders; (iv) Liens securing purchase money Indebtedness or Capitalized Leases permitted by Section 6.22; (v) Liens securing the Additional DIP; provided that, with respect to the Additional DIP Lenders' Liens on Collateral other than Additional DIP Collateral, such Liens shall be subject and fully subordinate to the Liens granted to the Agent on behalf of the Lenders hereunder and under the Orders; and provided further that (A) the holders of such Liens shall not be permitted to exercise any remedies with respect thereto unless all of the Obligations have been paid in full in cash and the Lenders have no further Commitments hereunder and (B) the instruments and agreements pursuant to which such Lien is created are reasonably satisfactory in form and substance to the Agent and Lenders; (vi) other Liens securing Indebtedness permitted by Section 6.22(viii); (vii) licenses, leases and subleases of Mortgaged Collateral granted to others but only to the extent permitted by the Aircraft Mortgage and not interfering in any material respect with the business of the Borrower and the Credit Parties, taken as a whole; (viii) any renewal of any Lien on any "equipment" described in Section 1110(a)(3) of the Bankruptcy Code (as in effect on the Petition Date) permitted by clause (i) above, provided that the Indebtedness secured is not increased and the Lien is not extended to any additional assets of the Borrower and the Credit Parties; (ix) Liens arising from precautionary UCC financing statements regarding operating leases permitted by this Agreement; (x) any interest or title of a licensor, lessor or sublessor under any lease permitted by this Agreement; (xi) Liens on real and personal property acquired in connection with acquisitions permitted by this Agreement to the extent such Liens exist on such acquired property at the time of acquisition and not incurred in contemplation of such acquisition, provided, that such Liens do not attach to other assets of the Borrower and the Credit Parties; (xii) Liens in favor of credit card processors having a right of setoff, revocation, refund or charge back with respect to money or instruments of the Borrower or any Credit Party; (xiii) Liens in favor of English travel agencies having a right of setoff, revocation, refund or charge back with respect to money or instruments of the Borrower or any Credit Party; (xiv) Liens on cash collateral or Letters of Credit (as defined in the Additional DIP Credit Agreement) in an aggregate amount not in excess of $50,000,000 securing Indebtedness permitted pursuant to Sections 6.22(vi) and (vii); (xv) other Liens incurred by the Borrower and the Credit Parties so long as the value of the property subject to such Liens, and the Indebtedness and other obligations secured thereby, do not exceed $1,000,000.

6.27 Transactions with Affiliates. The Credit Parties will not, and will not permit any Subsidiary to sell or transfer any property or assets to, or otherwise engage in any other material transactions with, any of its Affiliates (other than the Borrower and the Credit Parties) or such Affiliates' shareholders, other than transactions (i) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Credit Party than could be obtained on an arm's-length basis from unrelated third parties and investments in non-Credit Party Subsidiaries of the Borrower that are permitted hereunder, (ii) transactions permitted in the Loan Documents and the transactions contemplated thereby, (iii) reasonable and customary fees and compensation paid to, and indemnities provided on behalf of, officers, directors or employees of the Borrower or any Credit Party and (iv) any dividends, other distributions or payments permitted by Section 6.21(ii).

6.28 Amendments to Agreements. The Credit Parties will not enter into or permit any material amendment or modification and will not permit the termination of the Additional DIP Credit Agreement (including, without limitation, any

modification of the maturity date of any loan under the Additional DIP Credit Agreement) without written consent from Requisite Lenders which consent may be withheld if the Requisite Lenders reasonably determine that such amendment or modification will adversely affect their interests. Without the written consent of the Requisite Lenders, the Credit Parties will not enter into or permit any material amendment or modification of the Co-Branded Card Agreements and will not permit the termination of the Co-Branded Card Agreements, provided that the Credit Parties may amend the Co-Branded Card Agreements in the ordinary course of business so long as such amendment shall not materially adversely affect the Lenders.

6.30 Guarantees and Other Liabilities. Borrower and the Credit Parties shall not purchase or repurchase (or agree, contingently or otherwise, so to do) the Indebtedness of, or assume, guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance of any obligation or capability of so doing, or otherwise), endorse or otherwise become liable, directly or indirectly, in connection with the obligations, stock or dividends of any Person, except (i) for any guaranty of Indebtedness or other obligations of any Borrower or Credit Party if the Borrower or Credit Party could have incurred such Indebtedness or obligations under this Agreement, (ii) by endorsement of negotiable instruments for deposit or collection in the ordinary course of business, (iii) to the extent existing on the Petition Date, (iv) any guaranty of Indebtedness of joint ventures of the Borrower and the Credit Parties in an aggregate amount, together with the Investments permitted by Section 6.25(xi), not to exceed $5,000,000, and (v) any other guaranty by the Borrower and the Credit Parties in an aggregate amount not to exceed $5,000,000.

6.31 No Negative Pledges. The Credit Parties shall not and shall not cause or permit their domestic Subsidiaries to directly or indirectly enter into or assume any agreement (other than this Agreement and the Additional DIP Credit Agreement) prohibiting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, in favor of Agent, except for property subject to purchase money security interests, operating leases and capital leases and shall not permit to exist any consensual encumbrance (other than in connection with this Agreement and the Additional DIP Credit Agreement) on the ability of any Subsidiary to pay dividends or other distributions to the Credit Parties.

6.32 Restriction on Changes. Without the consent of the Requisite Lenders, the Credit Parties shall not and shall not cause or permit their Subsidiaries to directly or indirectly: (a) amend, modify or waive any term or provision of its organizational documents, including its articles of incorporation, certificates of designations pertaining to preferred stock, by-laws, partnership agreement or operating agreement in any way or change its state of incorporation, in each case unless such amendment, modification or waiver is not adverse to the Lenders (determined by the Requisite Lenders in their sole discretion), (b) engage in any material line of business substantially different from those lines of business carried on by the Credit Parties and their Subsidiaries on the Petition Date, and (c) make any changes in its equity capital structure (including, without limitation, in the terms of its outstanding capital stock) or ownership structure (except with respect to the ownership of Parent), in either case unless such change is not adverse to the Lenders (determined by the Requisite Lenders in their sole discretion).

6.33 Reclamation Claims. No Credit Party shall enter into any agreement to return any of its Property to any of its creditors for application against any Prepetition Indebtedness, Prepetition trade payables or other Prepetition claims under Section 546(g) of the Bankruptcy Code or allow any creditor to take any setoff or recoupment against any of its Prepetition Indebtedness, Prepetition trade payables or other Prepetition claims based upon any such return pursuant to Section 553(b)(1) of the Bankruptcy Code or otherwise if, after giving effect to any such agreement, setoff or recoupment, the aggregate amount of Prepetition Indebtedness, Prepetition trade payables and other Prepetition claims subject to all such agreements, setoffs and recoupments since the Petition Date would exceed $25,000,000.

6.34 Chapter 11 Claims. No Credit Party shall incur, create, assume, suffer to exist or permit any other superpriority administrative claim which is pari passu with or senior to the claims of Agent and the Lenders against Borrower and the other Credit Parties, except as permitted in Section 2.21(b) hereof.

6.35 Orders. Without the Required Lenders' prior written consent, there shall not occur any amendments, modifications or other changes to the Interim Order, the Final Order or any order issued under Section 365 of the Bankruptcy Code with respect to the Co-Branded Card Agreements.

6.36 Financial Covenants.

(a) Capital Expenditures. Borrower and the Credit Parties collectively shall not make Capital Expenditures, in the aggregate, for each fiscal quarter ending on the dates listed below in an aggregate amount in excess of the amount listed below opposite such date, provided, that if the amount of the actual Capital Expenditures that are made during any fiscal quarter is less than such amount, 50% of the unused portion thereof may be carried forward to and made only during the immediately following fiscal quarter and any such amount carried forward shall be deemed to be the first portion spent:

Fiscal Quarter Ending	Capital Expenditures
March 31, 2003	$110,000,000
June 30, 2003	$110,000,000
September 30, 2003	$116,000,000
December 31, 2003	$142,000,000
March 31, 2004	$100,000,000
June 30, 2004	$100,000,000

(b) EBITDAR. (i) Borrower and the Credit Parties shall not permit cumulative consolidated EBITDAR for each fiscal period beginning on December 1, 2002 and ending in each case on the last day of each fiscal month ending on the dates listed below to be less than the amount specified opposite such date:

Month	EBITDAR
February 28, 2003	$(964,000,000)
March 31, 2003	$(881,000,000)
April 30, 2003	$(849,000,000)
May 31, 2003	$(738,000,000)
June 30, 2003	$(585,000,000)
July 31, 2003	$(448,000,000)
August 31, 2003	$(219,000,000)
September 30, 2003	$(98,000,000)
October 31, 2003	$46,000,000
November 30, 2003	$112,000,000

(ii) Borrower and the Credit Parties shall not permit cumulative consolidated EBITDAR for each rolling twelve (12) fiscal month period ending on the dates listed below to be less than the amount listed opposite such month:

Month	EBITDAR
December 31, 2003	$575,000,000
January 31, 2004	$901,000,000
February 28, 2004	$1,084,000,000
March 31, 2004	$1,196,000,000
April 30, 2004	$1,297,000,000
May 31, 2004	$1,383,000,000

(c) Minimum Cash. Borrower and the Credit Parties shall not permit their aggregate cash and cash equivalents (net of cash maintained in the Escrow Accounts) to be less than $200,000,000 at any time.

ARTICLE VII.
DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1 Representations and Warranties. Any representation or warranty made or deemed made by or on behalf of any Credit Party or any of its Subsidiaries to the Lenders or the Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2 Nonpayment. (i) Nonpayment of principal of any Loan when due, (ii) nonpayment of interest upon any Loan or of any fees under any of the Loan Documents within two Business Days after the same becomes due or (iii) nonpayment of any other obligations (other than amounts set forth in clauses (i) and (ii) hereof) under any of the Loan Documents within five Business Days after the same becomes due.

7.3 Breach.

(a) The breach by any Credit Party of any of the terms or provisions of Section 2.21, 2.22, 2.23, 2.24, 2.25, 2.26 or Article VI.

(b) The breach by any Credit Party (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement which is not remedied within ten days after written notice from the Agent or any Lender.

7.4 Material Indebtedness. (a) Failure of any Credit Party or any of its Subsidiaries to pay when due any Material Indebtedness; (b) the default by any Credit Party or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any Material Indebtedness Agreement, or any other event shall occur or condition exist, the effect of which default, event or condition is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, such Material Indebtedness to become due prior to its stated maturity or any commitment to lend under any Material Indebtedness Agreement to be terminated prior to its stated expiration date; or (c) any Material Indebtedness of any Credit Party or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof.

7.5 Additional DIP Credit Agreement. The occurrence and continuance of any Event of Default under and as defined in the Additional DIP Credit Agreement.

7.6 Governmental Action. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Credit Parties and their Subsidiaries which, when taken together with all other Property of the Credit Parties and their Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, is in excess of $10,000,000.

7.7 Judgments. The Credit Parties or any of their Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money in excess of $10,000,000 (or the equivalent thereof in currencies other than U.S. Dollars) in the aggregate, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed (to the extent not covered by insurance (where the applicable insurance carrier has accepted such liability)) nor on appeal or otherwise being appropriately contested in good faith.

7.8 Intentionally Deleted.

7.9 Intentionally Deleted.

7.10 Change in Control. Any Change in Control shall occur.

7.11 Intentionally Deleted.

7.12 Environmental Law. The Parent or any of its Subsidiaries shall (i) be the subject of any proceeding or investigation pertaining to the release by the Parent, any of its Subsidiaries or any other Person of any toxic or hazardous waste or substance into the environment, or (ii) violate any Environmental Law, which, in the case of an event described in clause (i) or clause (ii), could reasonably be expected to have a Material Adverse Effect.

7.13 Loan Documents. The occurrence of any "default", as defined in any Loan Document (other than this Agreement) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of grace therein provided.

7.14 Liens. The Agreement and any Loan Document shall for any reason fail to create a valid and perfected first priority (or second priority with respect to the Additional DIP Collateral (or otherwise junior Lien in the event a Lien on such Additional DIP Collateral exists ahead of the Additional DIP Lenders' Lien and is permitted under Section 6.26 hereof; provided that, in such event, the Lenders' Lien shall be immediately junior to the Additional Lenders' Lien on such Additional DIP Collateral)) security interest in any Collateral purported to be covered hereby, or any Lien on any material amount of Collateral (determined by Agent in its sole discretion) granted by the terms hereof or by the terms of any Loan Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of this Agreement.

7.15 ERISA.

(a) any Termination Event described in clauses (iii) or (iv) of the definition of such term shall have occurred and shall continue unremedied for more than 10 days; or

(b) (i) the Borrower or any ERISA Affiliate thereof shall have been notified by the sponsor or trustee of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) the Borrower or such ERISA Affiliate does not have reasonable grounds, in the opinion of the Agent, to contest such Withdrawal Liability and is not in fact contesting such Withdrawal Liability in a timely and appropriate manner, and (iii) the amount of such Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date of such notification), exceeds $10,000,000 allocable to post-petition obligations or requires payments exceeding $1,000,000 per annum in excess of the annual payments made with respect to such Multiemployer Plans by the Borrower or such ERISA Affiliate for the plan year immediately preceding the plan year in which such notification is received; or

(c) the Borrower or any ERISA Affiliate thereof shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years that include the date hereof by an amount exceeding $10,000,000; or

(d) the Borrower or any ERISA Affiliate shall have committed a failure described in Section 302(f)(1) of ERISA (other than the failure to make any contribution accrued and unpaid as of the Petition Date or any contribution waived in accordance with the grant of a minimum funding waiver under Section 303 of ERISA or Section 412(d) of the Code) and the amount determined under Section 302(f)(3) of ERISA is equal to or greater than $10,000,000.

7.16 Bankruptcy Matters.

(a) (i) The entry of an order dismissing any Chapter 11 Case or converting any such case to one under Chapter 7 of the Bankruptcy Code or (ii) any Credit Party shall file a motion or other pleading seeking to convert any of the Chapter 11

Cases to a proceeding under Chapter 7 of the Bankruptcy Code or the dismissal of any of the Chapter 11 Cases under Section 1112 of the Bankruptcy Code or otherwise.

(b) The entry of an order appointing a Chapter 11 trustee or receiver in any of the Chapter 11 Cases and the order appointing such trustee or receiver shall not be reversed or vacated within 30 days after the entry thereof.

(c) The entry of an order in any of the Chapter 11 Cases granting any other superpriority administrative claim or Lien equal or superior to that granted to Agent, on behalf of itself and Lenders (or the filing of an application by any Credit Party to approve any such superpriority administrative claim), other than (a) the permitted Liens granted to the Additional DIP Lenders in the Additional DIP Collateral and the priority claim granted to the Additional DIP Lenders under Section 364(c)(1) of the Bankruptcy Code, (b) unless the proceeds of a new loan will repay in full all Obligations and (c) ordinary course transactions under the Credit Parties' cash management systems.

(d) The entry of an order in any of the Chapter 11 Cases modifying, staying, vacating, reversing or amending the final order issued under Section 365 of the Bankruptcy Code with respect to the Co-Branded Card Agreements in a manner adverse to Lenders (determined by Lenders in their sole discretion).

(e) The entry of an order in any of the Chapter 11 Cases modifying, staying, vacating, reversing or amending in a manner adverse to Lenders (determined by Lenders in their sole discretion) the Interim Order, the Final Order or any other final order issued under Section 365 of the Bankruptcy Code with respect to this Agreement or any other Loan Document and such order is effective for a period in excess of 10 days.

(f) The entry of an order in any of the Chapter 11 Cases appointing an officer or examiner having enlarged powers (beyond those set forth under Bankruptcy Code Sections 1106(a)(3) and (4)) or person having similar powers and functions and the order appointing such officer or examiner shall not be reversed or vacated within 30 days after the entry thereof.

(g) The failure (for any reason) of the Final Order to be entered within 45 days following the Petition Date and in substantially the form of Exhibit E attached hereto.

(h) The entry of an order in any of the Chapter 11 Cases avoiding or requiring repayment of any portion of the payments made on account of the Obligations owing under this Agreement.

(i) The allowance of any claims arising under Section 506(c) of the Bankruptcy Code against Agent or any Lender or the Collateral or the commencement of any action adverse to Agent or any Lender or their respective rights and remedies under the Loan Documents.

(j) Any Credit Party shall: (i) obtain working capital financing from any Person other than Agent and Lenders and the Additional DIP Lenders under Section 364(d) of the Bankruptcy Code; (ii) obtain financing from any Person other than Agent and Lenders under Section 364(c) of the Bankruptcy Code (other than the Additional DIP Credit Agreement or with respect to a financing used, in whole or in part, to repay in full the Obligations); (iii) grant any Lien upon or affecting any Collateral other than Liens expressly permitted by Section 6.26; or (iv) use cash collateral (as defined in Section 363(a) of the Bankruptcy Code) of Agent and Lenders under Section 363(c) of the Bankruptcy Code.

(k) The entry of an order by the Bankruptcy Court in any of the Chapter 11 Cases granting relief from or modifying the automatic stay of Section 362 of the Bankruptcy Code (i) to allow any creditor (other than Agent and Lenders or, to the extent permitted under the Additional DIP Intercreditor Agreement, Additional DIP Lenders) to execute upon or enforce a Lien on any Collateral if, after giving effect thereto, the aggregate amount of all claims as to which such relief has been granted since the Petition Date would exceed $10,000,000 in the aggregate (it being understood that the relinquishment by the Credit Parties of Section 1110 Assets, or the foreclosure of security interests in Section 1110 Assets (or in property in the possession of the applicable secured party) as to which defaults have not been cured pursuant to Section 1110 of the Bankruptcy Code, shall not be included in this $10,000,000 cap), or (ii) with respect to any Lien of, or the granting of any Lien on any Collateral to, any state or local environmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

(l) There shall commence any suit or action against Agent or any Lender by or on behalf of (i) any Credit Party, (ii) the Environmental Protection Agency, (iii) any state environmental protection or health and safety agency, or (iv) any official committee in any of the Chapter 11 Cases, in each case that asserts a claim in excess of $5,000,000 or seeks a legal or equitable remedy that would have the effect of subordinating the claim or Lien of Agent or any Lender to a claim in excess of $5,000,000 and, if such suit or action is commenced by any Person other than any Credit Party or any Subsidiary, officer, or employee of any Credit Party, such suit or action shall not have been dismissed or stayed within 30 days after service thereof on Agent or such Lender, as applicable, and, if stayed, such stay shall have been lifted.

(m) The failure of any Credit Party to perform any of its material obligations under the Interim Order or the Final Order.

(n) The entry of an order in any of the Chapter 11 Cases confirming a plan or plans of reorganization which does not contain a provision for termination of the Commitments and repayment in full in cash of all Obligations on or before the effective date of such plan or plans.

(o) Any Credit Party shall make any payment in respect of Prepetition Indebtedness, Prepetition trade payables or other Prepetition claims, other than any such payments authorized by the Bankruptcy Court and approved by the Requisite

Lenders (i) in accordance with "first day" orders reasonably satisfactory to Agent, (ii) in respect of certain critical vendors and other critical creditors, (iii) in respect of accrued payroll and related expenses as of the Petition Date, (iv) in respect of payments made pursuant to Section 1110 Assets and (v) in connection with the assumption of executory contracts and unexpired leases.

(p) Any Credit Party shall state in writing that it (i) has ceased or intends to cease operating its business in the ordinary course or (ii) has commenced or intends to commence an orderly liquidation of substantially all of its assets.

(q) Borrower, Parent or ULS has taken any step leading to its cessation as a going concern or Borrower, Parent or ULS ceases or suspends operations.

(r) Any of the Co-Branded Card Agreements shall be terminated.

7.17 Assumption of Co-Branded Card Agreements. The sale or other disposition of all or substantially all of the Borrower's Property without the buyer's assumption of Borrower's obligations under the Co-Branded Card Agreements, which assumption Bank One, Delaware N.A. may contest.

7.18 Slots and Routes.

(a) During the first month of any two-month FAA slot reporting period, 50% of more of the Slots are not utilized 80% or more over such period or (ii) during the two-month FAA slot reporting period, the Borrower fails to satisfy the Use or Lose Rule with respect to 20% of the Slots at DCA and LGA; or

(b) The Borrower loses its material rights in and to use any of its Primary Routes, Primary Foreign Slots, and/or Supporting Route Facilities for the Primary Routes, other than in cases where the Primary Routes, Primary Foreign Slots, and/or Supporting Route Facilities for the Primary Routes are transferred or otherwise disposed of as permitted in this Agreement or the SGR Security Agreement, or (iii) in cases where the Agent has provided prior written consent to the loss of such material rights.

ARTICLE VIII.
ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1 Acceleration and Remedies.

(a) If any Default occurs, Agent may (and at the written request of the Requisite Lenders shall), notwithstanding the provisions of Section 362 of the Bankruptcy Code but subject to any provision of the Interim Order or Final Order, without any application, motion or notice to, or order from, the Bankruptcy Court, terminate or suspend the obligations of the Lenders to make a Loan hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives.

(b) If, within 10 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make a Loan hereunder as a result of any Default and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

(c) Upon the occurrence of a Default and notwithstanding the provisions of Section 362 of the Bankruptcy Code but subject to any provision of the Interim Order or Final Order, without any application, motion or notice to, or order from, the Bankruptcy Court, the Agent may (and shall at the direction of the Required Lenders), exercise any or all of the following rights and remedies:

(i) Those rights and remedies available to a secured party under the Illinois UCC (whether or not the Illinois UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement or otherwise.

(ii) Without notice, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as the Agent may deem commercially reasonable.

The Agent, on behalf of the secured parties, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(d) Upon the request of the Agent after the occurrence of a Default and notwithstanding the provisions of Section 362 of the Bankruptcy Code but subject to any provision of the Interim Order or Final Order, without any application, motion or notice to, or order from, the Bankruptcy Court, the Borrower and the other Credit Parties will:

(i) Assemble and make available to the Agent the Collateral and all records relating thereto at any place or places specified by the Agent.

(ii) Permit the Agent, by the Agent's representatives and agents, to enter any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral and to remove all or any part of the Collateral.

(e) The proceeds of the Collateral shall be applied by the Agent to payment of the Obligations in the following order:

(i) FIRST, to payment of all costs and expenses of the Agent incurred in connection with the collection and enforcement of the Obligations;

(ii) SECOND, to payment of that portion of the Obligations constituting accrued and unpaid interest and fees, pro rata among the Lenders and their Affiliates in accordance with the amount of such accrued and unpaid interest and fees owing to each of them;

(iii) THIRD, to payment of the principal of the Obligations, pro rata among the Lenders and their Affiliates in accordance with the amount of such principal then due and unpaid owing to each of them; and

(iv) FOURTH, to payment of any Obligations (other than those listed above) pro rata among those parties to whom such Obligations are due in accordance with the amounts owing to each of them.

(f) The Borrower and each other Credit Party hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Borrower or other applicable Credit Party, addressed as set forth in Section 13.1, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale.

(g) Upon the occurrence of a Default, the Agent shall be entitled to occupy and use any premises owned or leased by the Borrower or any other Credit Party where any of the Collateral or any records relating to the Collateral are located until the Obligations are paid or the Collateral is removed therefrom, whichever first occurs, without any obligation to pay the Borrower or any other Credit Party for such use and occupancy.

8.2 Amendments. Subject to the provisions of this Section 8.2, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; *provided*, *however*, that no such supplemental agreement shall, without the consent of all of the Lenders:

(i) Extend the final maturity of any Loan, postpone or reduce the mandatory Commitment reductions set forth in Section 2.2(a) hereof, forgive all or any portion of the principal amount thereof, or reduce the rate or extend the time of payment of interest or fees thereon.

(ii) Reduce the percentage specified in the definition of Required Lenders.

(iii) Extend the Facility Termination Date or increase the amount of the Aggregate Commitment beyond $300,000,000 or of the Commitment of any Lender hereunder, or permit the Borrower to assign its rights under this Agreement.

(iv) Amend this Section 8.2.

(v) Except as otherwise expressly permitted under Section 6.24, release any guarantor of the Loan or release, or, except with respect to the Additional DIP Lenders' Liens on the Additional DIP Collateral, agree to subordinate the Lenders' Liens with respect to, all or substantially all of the Collateral.

Notwithstanding the foregoing, no amendments, modifications or waivers to the covenants set forth in Section 6.35 shall be deemed given or made unless the same shall be in writing and signed by Lenders and Additional DIP Lenders holding more than 50% of the sum of (a) the Aggregate Commitment and (b) the outstanding commitments and/or exposure under the Additional DIP. No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent. The Agent may waive payment of the fee required under Section 12.3.3 without obtaining the consent of any other party to this Agreement.

8.3 Preservation of Rights. No delay or omission of the Lenders or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Obligations have been paid

in full.

ARTICLE IX.
GENERAL PROVISIONS

9.1 Survival of Representations. All representations and warranties of each Credit Party contained in this Agreement shall survive the making of a Loan herein contemplated.

9.2 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3 Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4 Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the other Credit Parties, the Agent and the Lenders and supersede all prior agreements and understandings among the Borrower, the other Credit Parties, the Agent and the Lenders relating to the subject matter thereof other than those contained in the fee letter described in Section 10.13.

9.5 Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6 Expenses; Indemnification.

(i) The Borrower shall reimburse the Agent and the Arranger for any reasonable costs, internal charges and reasonable out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Agent (including special counsel for the Agent (including, without limitation, aviation counsel)), which attorneys may be employees of the Agent) paid or incurred by the Agent or the Arranger in connection with the preparation, filing, recordation, negotiation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Agent, the Arranger and the Lenders for any reasonable costs, internal charges and reasonable out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Agent, the Arranger and the Lenders (including special counsel for the Agent (including, without limitation, aviation counsel)), which attorneys may be employees of the Agent, the Arranger or the Lenders) paid or incurred by the Agent, the Arranger or any Lender in connection with the collection and enforcement of the Loan Documents and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including, without limitation, the expenses and charges associated with any periodic or special audit of the Collateral). Expenses being reimbursed by the Borrower under this Section include, without limitation, (a) reasonable costs and expenses of reviewing pleadings and documents related to any Chapter 11 Case and any subsequent Chapter 7 case, attendance at all hearings and meetings related to any Chapter 11 Case and any subsequent Chapter 7 case, and general monitoring of any Chapter 11 Case and any subsequent Chapter 7 case, (b) all due diligence, syndication (including printing, and distribution of documents and all bank meetings), transportation (provided the Agent, Arranger and each Lender shall use the Borrower for air travel to the extent reasonably practicable), computer, duplication, messenger, audit (all audits shall include a charge of $750 per day per auditor plus reasonable out-of-pocket expenses incurred in connection therewith), insurance, appraiser and consultant costs and expenses (including, without limitation, the reasonable costs and expenses of any management consultant retained to represent the Lenders), and (c) reasonable costs and expenses incurred in connection with the Reports described in the following sentence. The Borrower acknowledges that from time to time Bank One may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") pertaining to the Borrower's assets for internal use by Bank One from information furnished to it by or on behalf of the Borrower, after Bank One has exercised its rights of inspection pursuant to this Agreement

(ii) The Borrower hereby further agrees to indemnify the Agent, the Arranger, each Lender, their respective affiliates, and each of their directors, officers, employees, agents, advisors, attorneys and representatives against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all reasonable expenses of litigation or preparation therefor whether or not the Agent, the Arranger, any Lender or any affiliate is a party thereto and whether or not any investigation, litigation or other proceeding is brought by a Credit Party, any of its directors, securityholders, creditors or any other Person) which any of them may pay or incur arising out of or relating to this Agreement, including, without limitation, the purchase, acceptance, rejection, delivery, lease, possession, use, operation, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by Agent, the Lenders or any Credit Party, and any claim for patent, trademark or copyright infringement), the other Loan Documents, the financing contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder except to the extent that direct damages (as opposed to special), indirect, consequential or punitive damages (including, without limitation, any loss of products, business or anticipated savings) are determined in a final non-appealable judgment by a court of

competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower under this Section 9.6 shall survive the termination of this Agreement.

9.7 Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

9.8 Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles, except that any calculation or determination which is to be made on a consolidated basis shall be made for the Parent and all its Subsidiaries, including those Subsidiaries, if any, which are unconsolidated on the Parent's audited financial statements.

9.9 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10 Nonliability of Lenders. The relationship between the Borrower on the one hand and the Lenders and the Agent on the other hand shall be solely that of borrower and lender. Neither the Agent, the Arranger nor any Lender shall have any fiduciary responsibilities to the Borrower or any Credit Party arising out of this Agreement, the Loan Documents and the financing contemplated hereby. Neither the Agent, the Arranger nor any Lender undertakes any responsibility to the Borrower or any Credit Party to review or inform the Borrower or any Credit Party of any matter in connection with any phase of the Borrower's or any Credit Party's business or operations. The Borrower and each Credit Party agree that neither the Agent, the Arranger nor any Lender shall have liability to the Borrower or any Credit Party (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower or any Credit Party in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the bad faith, gross negligence or willful misconduct of the party from which recovery is sought. Neither the Agent, the Arranger nor any Lender shall have any liability with respect to, and the Borrower and each Credit Party hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower or any Credit Party in connection with, arising out of, or in any way related to the Loan Documents or the financing contemplated thereby.

9.11 Confidentiality. Each Lender agrees to keep any information delivered or made available to it by the Borrower or any of the Credit Parties pursuant to this Agreement confidential from anyone other than persons employed or retained by such Lender who are or are expected to become engaged in evaluating, approving, structuring, monitoring or administering the Loan and who are advised by such Lender of the confidential nature of such information; provided, that nothing herein shall prevent any Lender from disclosing such information (i) to any of its Affiliates or to any other Lender, provided such Affiliate agrees to keep such information confidential to the same extent required by the Lenders hereunder, (ii)as required by law, regulation, legal process or upon the order of any court or administrative agency, (iii) upon the request or demand of any regulatory agency or authority (including, without limitation, rating agencies), (iv) which has been publicly disclosed other than as a result of a disclosure by the Agent or any Lender which is not permitted by this Agreement, (v) in connection with any litigation to which the Agent, any Lender, or their respective Affiliates may be a party to the extent reasonably required, (vi) to the extent reasonably required in connection with the exercise of any remedy hereunder, (vii) to such Lender's legal counsel and independent auditors, (viii) to the extent permitted by Section 12.4, and (ix) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties. Each Lender shall use commercially reasonable efforts to notify the Borrower of any required disclosure under clause (ii) of this Section 9.11.

9.12 Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Loan provided for herein.

9.13 Disclosure. The Credit Parties and each Lender hereby acknowledge and agree that Bank One and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Credit Parties and their Affiliates.

9.14 Parties Including Trustees; Bankruptcy Court Proceedings. This Agreement, the other Loan Documents, and all Liens and other rights and privileges created hereby or pursuant to any other Loan Document shall be binding upon each Credit Party, the estate of each Credit Party, and any trustee or successor in interest of any Credit Party in the Chapter 11 Cases or any subsequent case commenced under Chapter 7 of the Bankruptcy Code, and shall not be subject to Section 365 of the Bankruptcy Code. The Liens created by this Agreement and the other Loan Documents shall be and remain valid and perfected in the event of the substantive consolidation or conversion of any Chapter 11 Case or any other bankruptcy case of any Credit Party to a case under chapter 7 of the Bankruptcy Code or in the event of dismissal of any Chapter 11 Case or the release of any Collateral from the jurisdiction of the Bankruptcy Court for any reason, without the necessity that Agent file financing statements or otherwise perfect its security interests or Liens under applicable law.

9.15 Marshalling. No Lender nor the Agent shall be under any obligation to marshal any assets in favor of the Borrower or any other party or against or in payment of any or all of the Obligations.

ARTICLE X.
THE AGENT

10.1 Appointment; Nature of Relationship. Bank One, NA is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of the term "secured party" as defined in the Illinois UCC and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives. Without limiting the generality of the foregoing, each Lender hereby authorizes Bank One, NA to consent, on behalf of such Lender, to an Interim Order substantially in the form attached as Exhibit D hereto and a Final Order substantially in the form attached as Exhibit E hereto.

10.2 Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

10.3 General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, any Credit Party, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the bad faith, gross negligence or willful misconduct of such Person.

10.4 No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrower, the other Credit Parties or any guarantor of any of the Obligations or of any of the Borrower's, the other Credit Parties' or any such guarantor's respective Subsidiaries. The Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Agent at such time, but is voluntarily furnished by the Borrower to the Agent (either in its capacity as Agent or in its individual capacity).

10.5 Action on Instructions of Lenders. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6 Employment of Agents and Counsel. The Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

10.7 Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

10.8 Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any

Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, *provided that* (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of the Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

10.10 Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loan as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower, any other Credit Party or any of its Subsidiaries in which the Borrower, any other Credit Party or such Subsidiary is not restricted hereby from engaging with any other Person. The Agent, in its individual capacity, is not obligated to remain a Lender.

10.11 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and the other Credit Parties and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.12 Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrower and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Borrower and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least $100,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Agent, the provisions of this Article X shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Agent by merger, or the Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Agent.

10.13 Agent and Arranger Fees. The Borrower agrees to pay to the Agent and the Arranger, for their respective accounts, the fees agreed to by the Borrower, the Agent and the Arranger pursuant to that certain letter agreement dated December 24, 2002, or as otherwise agreed from time to time.

10.14 Delegation to Affiliates. The Borrower and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles IX and X.

10.15 Execution of Documents on behalf of Lenders. The Lenders hereby empower and authorize the Agent to execute and deliver to the Borrower on their behalf all financing statements and any financing statements, agreements, documents or instruments as shall be necessary or appropriate to effect the purposes of securing the Collateral hereunder.

10.16 Collateral Releases. The Lenders hereby empower and authorize the Agent to execute and deliver to the Borrower on their behalf any agreements, documents or instruments as shall be necessary or appropriate to effect any releases of Collateral which shall be permitted by the terms hereof or of any other Loan Document or which shall otherwise have been approved by the Required Lenders (or, if required by the terms of Section 8.2, all of the Lenders) in writing.

10.17 Co-Agents, Documentation Agent, Syndication Agent, etc. Neither any of the Lenders identified in this Agreement as a "co-agent" nor the Documentation Agent or the Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Agent in Section 10.11.

ARTICLE XI.
SETOFF; RATABLE PAYMENTS

11.1 Setoff.

(a) In addition to, and without limitation of, any rights of the Lenders under applicable law and under Section 2.2 hereof, if any Default occurs and is continuing and notwithstanding the provisions of Section 362 of the Bankruptcy Code (and subject to the Orders), without any application, motion or notice to, or order from, the Bankruptcy Court, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower or any Credit Party (except with respect to amounts held in trust accounts, if any, and payroll accounts, if any) may be offset, recouped and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due; provided that the Lenders shall provide notice to the Borrower or such Credit Party following such setoff; provided further that the failure to provide such notice shall not distinguish the Lenders' rights under this Section 11.1(a).

(b) If all or any part of the Guaranteed Obligations is then due, whether pursuant to the occurrence of a Default or otherwise, then each Guarantor authorizes the Agent and the Lenders to apply any sums standing to the credit of such Guarantor with the Agent or any Lender or any Lending Installation of the Agent or any Lender toward the payment of the Guaranteed Obligations.

11.2 Ratable Payments.
If any Lender, whether by setoff, recoupment or otherwise, has payment made to it upon its Loan (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loan held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of the Loan. If any Lender, whether in connection with setoff, recoupment or amounts which might be subject to setoff, recoupment or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff or recoupment, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loan. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII.
BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1 Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower, the other Credit Parties, Agent and the Lenders and their respective successors, assigns, transferees and endorsees permitted hereby, except that (i) the Borrower and the other Credit Parties shall not have the right to assign their rights or obligations under the Loan Documents without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 12.3, and (iii) any transfer by Participation must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 12.2. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; *provided*, *however*, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; *provided*, *however*, that the Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2 Participations.

12.2.1 Permitted Participants; Effect. Any Lender may at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Loan and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.2 or of any other Loan Document.

12.2.3 Benefit of Certain Provisions. The Borrower agrees that each Participant shall be deemed to have the right of setoff and recoupment provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff and recoupment provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff and recoupment provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff and recoupment, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrower further agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.2, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3, *provided that* (i) a Participant shall not be entitled to receive any greater payment under Section 3.1, 3.2 or 3.5 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrower, and (ii) any Participant not incorporated under the laws of the United States of America or any State thereof agrees to comply with the provisions of Section 3.5 to the same extent as if it were a Lender.

12.3 Assignments.

12.3.1 Permitted Assignments. Any Lender may at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit A or in such other form as may be agreed to by the parties thereto. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate of a Lender or an Approved Fund shall either be in an amount equal to the entire applicable Commitment and Loan of the assigning Lender or (unless the Agent otherwise consents) be in an aggregate amount not less than $5,000,000. The amount of the assignment shall be based on the Commitment or outstanding Loan (if the Commitment has been terminated) subject to the assignment, determined as of the date of such assignment or as of the "Trade Date," if the "Trade Date" is specified in the assignment.

12.3.2 Consents. The consent of the Borrower shall not be required prior to an assignment becoming effective. The written consent of the Agent shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund. Any consent required under this Section 12.3.2 shall not be unreasonably withheld or delayed.

12.3.3 Effect; Effective Date. Upon (i) delivery to the Agent of an assignment, together with any consents required by Sections 12.3.1 and 12.3.2, and (ii) payment of a $3,500 fee to the Agent for processing such assignment (unless such fee is waived by the Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Loan under the applicable assignment agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall be released with respect to the Commitment and Loan assigned to such Purchaser without any further consent or action by the Borrower, the Lenders or the Agent. In the case of an assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the applicable agreement. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.3 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.2. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.3 , the transferor Lender, the Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loan be evidenced by Notes, make appropriate arrangements so that (a) new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment, and (b) thereafter, the old or replaced notes shall be marked cancelled and returned to the Borrower.

12.3.4 Register. The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Chicago, Illinois a copy of each Assignment and Assumption delivered to it and a register for the recordation of the

names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loan owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

12.4 Dissemination of Information. The Borrower and each other Credit Party authorize each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower, each other Credit Party and their Subsidiaries, including, without limitation, any information contained in any Reports; *provided that* each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement and any other confidentiality agreement executed by such Lender in connection with this Agreement and the Loan.

12.5 Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is not incorporated under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII.
NOTICES

13.1 Notices. Except as otherwise permitted by Section 2.14 with respect to Conversion/Continuation Notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower, any other Credit Party or the Agent, at its address or facsimile number set forth on the signature pages hereof, (y) in the case of any Lender, at its address or facsimile number set forth in its administrative questionnaire or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; *provided that* notices to the Agent under Article II shall not be effective until received.

13.2 Change of Address.
The Borrower, any other Credit Party, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV.
COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, each other Credit Party, the Agent and the Lenders and each party has notified the Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV.
CHOICE OF LAW; WAIVER OF JURY TRIAL

15.1 CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, 735 ILCS SECTION 105/5-1 ET SEQ, BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2 [Intentionally deleted].

15.3 WAIVER OF JURY TRIAL. THE BORROWER, EACH CREDIT PARTY, THE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

ARTICLE XVI.
GUARANTY

16.1 Guaranty. Subject to Section 16.6, each Guarantor hereby absolutely and unconditionally guarantees, as primary obligor and not as surety, the full and punctual payment (whether at stated maturity, upon acceleration or early termination or otherwise, and at all times thereafter) and performance of the Obligations (subject to the provisions of Section 16.6 hereof, being referred to collectively as the "Guaranteed Obligations"). Upon failure by the Borrower to pay punctually any such amount, each Guarantor agrees that it shall forthwith upon written demand pay to the Agent for the benefit of the Lenders and, if applicable, their Affiliates, the amount not so paid. This is a guaranty of payment and not of collection. Each Guarantor waives any right to require the Lenders to sue the Borrower, any other guarantor, or any other person obligated for all or any part of the Guaranteed Obligations, or otherwise to enforce its payment against any collateral securing all or any part of the Guaranteed Obligations. The Agent is hereby authorized to charge any account (except the Escrow Accounts, other trust accounts, if any, and payroll accounts, if any) of the Guarantors maintained with Bank One or any Affiliate of Bank One for each payment of principal, interest and fees as it becomes due hereunder.

16.2 Guaranty Unconditional. Subject to Section 16.6, the obligations of each Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver or release in respect of any of the Guaranteed Obligations, by operation of law or otherwise, or any obligation of any other guarantor of any of the Guaranteed Obligations, or any default, failure or delay, willful or otherwise, in the payment or performance of the Guaranteed Obligations;

(ii) any modification or amendment of or supplement to this Agreement, any Note or any other Loan Document;

(iii) any release, nonperfection or invalidity of any direct or indirect security for any obligation of the Borrower under this Agreement, any Note, any other Loan Document, or any obligations of any other guarantor of any of the Guaranteed Obligations, or any action or failure to act by the Agent, any Lender or any Affiliate of any Lender with respect to any Collateral securing all or any part of the Guaranteed Obligations;

(iv) except to the extent permitted under Section 6.23 hereof, any change in the corporate existence, structure or ownership of the Borrower, any Guarantor or any other guarantor of any of the Guaranteed Obligations or any resulting release or discharge of any obligation of the Borrower, any Guarantor or any other guarantor of any of the Guaranteed Obligations;

(v) the existence of any claim, setoff, recoupment or other rights which any Guarantor may have at any time against the Borrower, any Guarantor, any other guarantor of any of the Guaranteed Obligations, the Agent, any Lender or any other Person, whether in connection herewith or any unrelated transactions;

(vi) any invalidity or unenforceability relating to or against the Borrower, any Guarantor or any other guarantor of any of the Obligations, for any reason related to this Agreement, any other Loan Document, or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower, any Guarantor or any other guarantor of the Guaranteed Obligations, of the principal of or interest on any Note or any other amount payable by the Borrower under this Agreement, any Note or any other Loan Document; or

(vii) any other act or omission to act or delay of any kind by the Borrower, any Guarantor, any other guarantor of the Obligations, the Agent, any Lender or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of any Guarantor's obligations hereunder other than the payment in full in cash of the Guaranteed Obligations and the termination of all Commitments.

16.3 Discharge Only Upon Payment In Full: Reinstatement In Certain Circumstances. Each Guarantor's obligations hereunder shall remain in full force and effect until all Guaranteed Obligations shall have been indefeasibly paid in full and the Commitments shall have terminated or expired (other than contingent indemnification obligations to the extent no claim thereto has been asserted).

16.4 Waivers. Each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower, any Guarantor, any other guarantor of any of the Guaranteed Obligations, or any other Person.

16.5 Subrogation. Each Guarantor hereby agrees not to assert any right, claim or cause of action, including, without limitation, a claim for subrogation, reimbursement, indemnification or otherwise, against the Borrower arising out of or by reason of this Article XVI or the obligations hereunder, including, without limitation, the payment or securing or purchasing of any of the Guaranteed Obligations by any Guarantor unless and until the Guaranteed Obligations are indefeasibly paid in full and any commitment to lend under this Agreement and any other Loan Documents is terminated.

16.6 Application of Payments. All payments received by the Agent under this Article XVI shall be applied by the Agent to payment of the Guaranteed Obligations in the following order unless the Bankruptcy Court or other court of competent

jurisdiction shall otherwise direct:

(a) FIRST, to payment of all reasonable costs and expenses of the Agent incurred in connection with the collection and enforcement of the Guaranteed Obligations or of any security interest granted to the Agent in connection with any collateral securing the Guaranteed Obligations;

(b) SECOND, to payment of that portion of the Guaranteed Obligations constituting accrued and unpaid interest and fees, pro rata among the Lenders and their Affiliates in accordance with the amount of such accrued and unpaid interest and fees owing to each of them;

(c) THIRD, to payment of the principal of the Guaranteed Obligations pro rata among the Lenders and their Affiliates in accordance with the amount of such principal then due and unpaid owing to each of them; and

(d) FOURTH, to payment of any Guaranteed Obligations (other than those listed above) pro rata among those parties to whom such Guaranteed Obligations are due in accordance with the amounts owing to each of them.

16.7 No Duty to Advise. The Guarantors assume all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that the Guarantors assume and incur under this Article XVI, and agree that neither the Agent nor any Lender has any duty to advise the Guarantors of information known to it regarding those circumstances or risks.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Borrower, the other Credit Parties, the Lenders and the Agent have executed this Agreement as of the date first above written.

BORROWER:

UNITED AIR LINES, INC.,
By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Executive Vice President & CFO

LENDERS:

	Commitments:
BANK ONE, NA, Individually and as Agent	$300,000,000

By: /s/ Joseph R. Lehrer
Name: Joseph R. Lehrer
Title: Managing Director

CREDIT PARTIES:

UAL CORPORATION,
as debtor and debtor in possession
By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Executive Vice President & CFO

UAL LOYALTY SERVICES, INC.,
as debtor and debtor in possession

By: /s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

UAL COMPANY SERVICES, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President and Treasurer

FOUR STAR LEASING INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

AIR WIS SERVICES, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

UAL BENEFITS MANAGEMENT, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

UNITED BIZJET HOLDINGS, INC.,
as debtor and debtor in possession

By: /s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

CONFETTI, INC.,
as debtor and debtor in possession

By: /s/ Douglas A. Hacker
Name: Douglas A. Hacker
Title: President

MILEAGE PLUS HOLDINGS, INC.,
as debtor and debtor in possession

By: /s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

MYPOINTS.COM, INC.,
as debtor and debtor in possession

By: /s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

AIR WISCONSIN, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

DOMICILE MANAGEMENT SERVICES, INC.,
as debtor and debtor in possession

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

BIZ JET CHARTER, INC.,
as debtor and debtor in possession

By: /s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

BIZJET FRACTIONAL, INC.,
as debtor and debtor in possession

By: /s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

BIZJET SERVICES, INC.,
as debtor and debtor in possession

By: /s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

MILEAGE PLUS MARKETING, INC.,
as debtor and debtor in possession

By: /s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

CYBERGOLD, INC.,
as debtor and debtor in possession

By: /s/ Richard J. Poulton
Name: Richard J. Poulton
Title: Senior Vice President, Chief Financial Officer and Treasurer

ITARGET.COM, INC.,
as debtor and debtor in possession

By: /s/ Richard J. Poulton
Name: Richard J. Poulton
Title: Senior Vice President, Chief Financial Officer and Treasurer

MYPOINTS OFFLINE SERVICES, INC.,
as debtor and debtor in possession

By: /s/ Susan O'Donnell
Name: Susan O'Donnell
Title: Vice President

KION LEASING, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

PREMIER MEETING AND TRAVEL
SERVICES, INC.,

as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President and Treasurer

UNITED AVIATION FUELS CORPORATION,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

UNITED COGEN, INC.,
as debtor and debtor in possession

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

MILEAGE PLUS, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

UNITED GHS, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

UNITED WORLDWIDE CORPORATION,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

UNITED VACATIONS, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

FIRST AMENDMENT AND LIMITED WAIVER

TO DEBTOR IN POSSESSION CREDIT AGREEMENT

This First Amendment and Limited Waiver to Debtor in Possession Credit Agreement, dated as of February 19, 2003 (this "Amendment"), is by and among United Air Lines, Inc., a Delaware corporation, as debtor and debtor in possession, the Persons named in the Credit Agreement as Credit Parties (as such term is defined in the Credit Agreement), as debtors and debtors in possession, Bank One, NA, a national banking association ("Agent"), and the Persons signatory to the Credit Agreement from time to time as Lenders.

W I T N E S S ETH:

WHEREAS, Borrower, Credit Parties, Agent and Lenders have entered into that certain Debtor in Possession Credit Agreement, dated as of December 24, 2002 (as amended, restated, supplemented and otherwise modified from time to time, the "Credit Agreement"; capitalized terms not otherwise defined herein having the definitions provided therefore in the Credit Agreement), and to certain other documents executed in connection with the Credit Agreement;

WHEREAS, the parties hereto wish to amend certain provisions of the Credit Agreement as provided herein; and

WHEREAS, the parties hereto wish to waive certain requirements under the Credit Agreement as provided herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. Limited Waiver.
   a. Agent and Lenders hereby waive (i) non-compliance by the Parent and each Subsidiary with the provisions of Section 6.1(d) of the Credit Agreement requiring the delivery of the unaudited financial information for the fiscal month ended December 31, 2002, provided that the financial information required to be delivered pursuant thereto shall be delivered no later than February 11, 2003; and (ii) non-compliance by the Borrower with the provisions of Section 6.1(n) of the Credit Agreement requiring the delivery of certain slot utilization reports, provided that the slot utilization reports required to be delivered pursuant thereto for reporting periods ending after the Closing Date shall be delivered no later than February 21, 2003.
   b. This limited waiver shall be limited precisely as written and shall not be deemed or otherwise construed to (i) constitute a waiver of any other Unmatured Default or Default or (ii) prejudice any right, power or remedy which Agent or Lenders may now have or may have in the future under or in connection with the Credit Agreement or any other Loan Document (after giving effect to this Amendment).
2. Amendments.
   a. The definition of "Eurodollar Rate" is hereby amended to delete the reference to "two percent (2%)" in line two and insert a reference to "three percent (3%)" in place thereof.
   b. The definition of "Applicable Margin" is hereby amended to (i) delete the reference to "3.50%" in line two and insert a reference to "5.50%" in place thereof and (ii) delete the reference to "4.50%" in line three and insert a reference to "6.50%" in place thereof.
   c. Section 2.2(d) is hereby amended and restated in its entirety to read as follows:

      Upon any permanent reduction of the revolving loan commitment and/or prepayment of the term loans under the Additional DIP Credit Agreement other than a permanent reduction or permanent prepayment required under Sections 2.13(a), (b), (c), (d), (e) or (f) under the Additional DIP Credit Agreement (the amount of such reduction or prepayment, the "Additional DIP Prepayment"), the Borrower shall contemporaneously repay the Loan (with a corresponding reduction in the Aggregate Commitment) in an amount equal to the product of (i) the Aggregate Commitment multiplied by (ii) a ratio (expressed as a percentage) of the Additional DIP Prepayment to the sum of the outstanding commitments under the Additional DIP Credit Agreement at such time. Such prepayment shall be applied pro rata among all remaining Mandatory Reductions.

   d. Section 2.21(c) is hereby amended to insert the phrase "or previously reported in writing to the Agent (to the extent allowed by the Bankruptcy Court at any time)" after the word "professionals" in the fourteenth line thereof.
   e. Section 6.1(n) is hereby amended and restated to read as follows:

"(n) on the fifth Business Day following the end of (i) each seven-day reporting period (or, with respect to the final report to be delivered in any two month period), a certificate of an Authorized Officer of the Borrower stating that the Borrower is monitoring its usage of each of the Slots identified on Schedule 6.1(n) as amended from time to time, and is conducting its operations in a manner such that the Borrower should be able to meet the Use or Lose Rule for such Slots with respect to the applicable two-month FAA reporting Period; and (ii) each successive 30-day period, a report in detail reasonably satisfactory to the Agent and conforming to the Slot Reporting Guidelines, showing, for each airport set forth in Schedule 6.1(n) as amended from time to time, the number of Slots held at that airport by applicable hour or half-hour allocation period (and, if applicable, separately setting forth those Slots that are designated as arrivals or departures) and the total number of operations the Borrower has conducted in each such allocation period during the 30-day period covered by such report; and (iii) each successive two-month FAA reporting period, the report Borrower submits to the FAA reporting Slot utilization for each such two-month period as required by 14 C.F.R. Part 93."

f. Section 6.28 is hereby amended to insert the phrase "; provided that the Requisite Lenders shall not be required to consent to the additional syndication of the Additional DIP under the terms of and as set forth in Section 2.01(d)(y) of the Additional DIP Credit Agreement" immediately prior to the period in the first sentence thereof.
g. Section 6.36(c) is hereby amended to delete the reference to "$200,000,000" in line three and insert a reference to "$300,000,000" in place thereof.
h. Section 8.2 is hereby amended to delete the reference to "Section 6.35" in the sentence following clause (v) of such Section and insert a reference to "Section 6.36" in place thereof.

3. Conditions Precedent. The effectiveness of this Amendment is subject to the satisfaction (or waiver) of the following conditions precedent:
   a. Execution of Amendment. The Borrower and each other Credit Party shall have executed and delivered this Amendment.
   b. Bankruptcy Court Approval. The Borrower shall have received approval from the United States Bankruptcy Court for the Northern District of Illinois authorizing the effectiveness of this Amendment.
   c. Other Documents. The Borrower and each other Credit Party shall have executed and delivered such other approvals, documents or materials as Agent may reasonably request.
   d. No Existing Default. After giving effect to this Amendment, no Default shall exist as of the date hereof.
4. Miscellaneous
   a. Captions. Section captions used in this Amendment are for convenience only, and shall not affect the construction of this Amendment.
   b. Governing Law. This Amendment shall be a contract made under and governed by the laws of the State of Illinois, without regard to conflict of laws principles. Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.
   c. Fees and Expenses. The Borrower agrees that its obligations set forth in Section 9.6 of the Credit Agreement shall extend to the preparation, execution and delivery of this Amendment, including without limitation, the reasonable fees and charges of the attorneys for the Agent.
   d. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.
   e. Successors and Assigns. This Amendment shall be binding upon Borrower and each other Credit Party, Agent and Lenders and their respective successors and assigns, and shall inure to the sole benefit of Borrower and each other Credit Party, Agent and Lenders and the successors and assigns of Borrower and each other Credit Party, Agent and Lenders.
   f. References. Any reference to the Credit Agreement contained in any notice, request, certificate, or other document executed concurrently with or after the execution and delivery of this Amendment shall be deemed to include this Amendment unless the context shall otherwise require.
   g. Continued Effectiveness. Notwithstanding anything contained herein, the terms of this Amendment are not intended to and do not serve to effect a novation as to the Credit Agreement. The Credit Agreement and each of the Loan Documents remain in full force and effect.

[Remainder of Page Intentionally Left Blank]

Delivered at Chicago, Illinois, as of the day and year first above written.

BORROWER:

UNITED AIR LINES, INC., as debtor
and debtor in possession

/s/ Frederic F. Brace
Title: Executive Vice President & Chief Financial Officer

LENDERS:
BANK ONE, NA
By: /s/ Patrick Favrel
Title: Vice President

CREDIT PARTIES:
UAL CORPORATION, as debtor
and debtor in possession

By: /s/ Frederic F. Brace
Title: Executive Vice President & Chief
Financial Officer

UAL LOYALTY SERVICES, INC.,
as debtor and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

UAL COMPANY SERVICES, INC.,
as debtor and debtor in possession

By: /s/ Frederic F. Brace
Title: Vice President & Treasurer

FOUR STAR LEASING INC., as
debtor and debtor in possession

By: /s/ Frederic F. Brace
Title: President

AIR WIS SERVICES, INC., as debtor
and debtor in possession

By: /s/ Frederic F. Brace
Title: President

UAL BENEFITS MANAGEMENT, INC., as
debtor and debtor in possession

By: /s/ Frederic F. Brace
Title: President

UNITED BIZ JET HOLDINGS, INC.,
as debtor and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

CONFETTI, INC., as debtor and debtor
in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

MILEAGE PLUS HOLDINGS, INC.,
as debtor and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

MYPOINTS.COM, INC., as debtor
and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

AIR WISCONSIN, INC., as debtor
and debtor in possession

By: /s/ Frederic F. Brace
Title: President

DOMICILE MANAGEMENT SERVICES,
INC., as debtor and debtor in possession

By: /s/ Francesca M. Maher
Title: Vice President and Secretary

BIZJET CHARTER, INC., as debtor
and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

BIZJET FRACTIONAL, INC., as
debtor and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

BIZJET SERVICES, INC., as debtor
and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

MILEAGE PLUS MARKETING, INC.,
as debtor and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

CYBERGOLD, INC., as debtor
and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

ITARGET.COM, INC., as debtor
and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

MYPOINTS OFFLINE SERVICES, INC., as
debtor and debtor in possession

By: /s/ Steven M. Rasher
Title: Senior Vice President, General Counsel
and Secretary

KION LEASING, INC., as debtor
and debtor in possession

By: /s/ Frederic F. Brace
Title: President

PREMIER MEETING AND TRAVEL
SERVICES, INC., as debtor and debtor in
possession

By: /s/ Frederic F. Brace
Title: Vice President and Treasurer

UNITED AVIATION FUELS CORPORATION, as debtor and debtor in possession

By: /s/ Frederic F. Brace
Title: Vice President

UNITED COGEN, INC., as debtor and debtor in possession

By: /s/ Francesca M. Maher
Title: Vice President and Secretary

MILEAGE PLUS, INC., as debtor and debtor in possession

By: /s/ Frederic F. Brace
Title: Vice President

UNITED GHS, INC., as debtor and debtor in possession

By: /s/ Frederic F. Brace
Title: President

UNITED WORLDWIDE CORPORATION, as debtor and debtor in possession

By: /s/ Frederic F. Brace
Title: President

UNITED VACATIONS, INC., as debtor and debtor in possession

By: /s/ Frederic F. Brace
Title: Vice President

REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT

Among

UNITED AIR LINES, INC.,
a Debtor and a Debtor-in-Possession under Chapter 11 of the Bankruptcy Code,

as Borrower,

and

UAL CORPORATION,
a Debtor and a Debtor-in-Possession under Chapter 11 of the Bankruptcy Code,

the Parent,

and

THE SUBSIDIARIES OF THE BORROWER AND THE PARENT NAMED HEREIN,
Each a Debtor and a Debtor-in-Possession under Chapter 11 of the Bankruptcy Code,

as Guarantors

and

THE LENDERS PARTY HERETO,

and

JPMORGAN CHASE BANK,
as Co-Administrative Agent, Co-Collateral Agent and Paying Agent,

CITICORP USA, INC.,

as Co-Administrative Agent and Co-Collateral Agent,

J.P. MORGAN SECURITIES INC.,

as Joint Lead Arranger and Joint Bookrunner,

SALOMON SMITH BARNEY INC.,
as Joint Lead Arranger and Joint Bookrunner,

BANK ONE, NA,

as Co-Arranger

BANC ONE CAPITAL MARKETS, INC.,

as Co-Arranger

THE CIT GROUP/BUSINESS CREDIT, INC.,

as Co-Arranger

Dated as of December 24, 2002

SCHEDULE 1.01(a)	-	Excluded Flight Simulators
SCHEDULE 1.01(b)	-	Primary Foreign Slots
SCHEDULE 1.01(c)	-	Primary Routes
SCHEDULE 3.06	-	Subsidiaries
SCHEDULE 3.07	-	Existing Liens
SCHEDULE 3.11	-	Litigation
SCHEDULE 5.01(n)	-	Airports and Time Allotments
SCHEDULE 5.19(c)	-	Operational Information
SCHEDULE 6.03	-	Capitalized Leases
SCHEDULE 6.10	-	Existing Investments
SCHEDULE 6.11	-	Asset Sales

REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT
Dated as of December 24, 2002

REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT, dated as of December 24, 2002, among UNITED AIR LINES, INC., a Delaware corporation (the "Borrower"), a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code, UAL CORPORATION, a Delaware corporation and the parent company of the Borrower (the "Parent") and all of the direct and indirect subsidiaries of the Borrower and the Parent signatory hereto (the "Subsidiaries" and together with the Parent, each a "Guarantor" and collectively the "Guarantors"), each of which Guarantors referred to in this paragraph is a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code (the cases of the Borrower and the Guarantors, each a "Case" and collectively, the "Cases"), JPMORGAN CHASE BANK, a New York banking corporation ("JPMorgan Chase"), CITICORP USA, INC., a Delaware corporation ("CUSA"), BANK ONE, NA, a national banking corporation ("Bank One"), THE CIT GROUP/BUSINESS CREDIT, INC., a New York corporation ("CIT Group"), each of the other financial institutions from time to time party hereto (together with JPMorgan Chase, CUSA, Bank One and CIT Group, the "Lenders"), JPMORGAN CHASE BANK and CUSA, as co-administrative agents (together, the "Agents") for the Lenders and JPMORGAN CHASE BANK, as paying agent (in such capacity, the "Paying Agent") for the Lenders.

INTRODUCTORY STATEMENT

On December 9, 2002, the Borrower and the Guarantors filed voluntary petitions with the Bankruptcy Court initiating the Cases and have continued in the possession of their assets and in the management of their business pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

The Borrower has applied to the Lenders for a loan facility of up to $1,200,000,000 comprised of a (i) revolving credit and letter of credit facility in an aggregate principal amount not to exceed $800,000,000 as set forth herein and (ii) a term loan in an aggregate principal amount of $400,000,000 as set forth herein, all of the Borrower's obligations under each of which are to be guaranteed by the Guarantors.

The proceeds of the Loans will be used for working capital and other general corporate purposes of the Borrower and the Guarantors and for the other purposes described in Section 3.10.

To provide guarantees and security for the repayment of the Loans, the reimbursement of any draft drawn under a Letter of Credit and the payment of the other obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents (including, without limitation, the Obligations of the Borrower to any Lender or any of their banking Affiliates permitted under Section 6.03(viii)), the Borrower and the Guarantors will provide to the Agents, the Collateral Agent and the Lenders the following (each as more fully described herein):

(a) a guaranty from each of the Guarantors of the due and punctual payment and performance of the obligations of the Borrower hereunder;

(b) a joint and several allowed administrative expense claim in each of the Cases pursuant to Section 364(c)(1) of the Bankruptcy Code having priority over all administrative expenses of the kind specified in Sections 503(b) and 507(b) of the Bankruptcy Code pari passu only with the superpriority claim granted to Bank One and the Bank One DIP Lenders in connection with the Bank One DIP;

(c) a perfected first priority Lien, pursuant to Section 364(c)(2) of the Bankruptcy Code, upon all tangible and intangible property of the Borrower's and the Guarantors' respective estates in the Cases that is not subject to valid, perfected and non-avoidable liens as of the commencement of the Cases, including, without limitation, all unencumbered aircraft, spare engines, spare parts inventory, accounts receivable, routes, supporting route facilities, domestic and foreign slots, airport gate leaseholds (to the extent that the grant of a Lien on such supporting route facilities, foreign slots and gate leaseholds is permitted by applicable law, it being understood that in any event, the Lien described in this paragraph shall extend to the proceeds of any disposition of any such supporting route facilities, foreign slots and gate leaseholds), quick engine change kits, flight simulators, trademarks, tradenames,

inventory, leasehold interests (including, without limitation, leasehold interests in hangars and parts depots), and other property, plant and equipment of, and debt and equity investments by, the Borrower and the Guarantors, and on all cash maintained in the Letter of Credit Account, excluding the (i) Avoidance Actions (it being understood that, notwithstanding such exclusion, the proceeds of such actions shall be available to repay the Obligations), (ii) Escrow Accounts (it being understood that, notwithstanding such exclusion, the Borrower's and any applicable Guarantor's rights to receive any excess funds remaining in the Escrow Accounts following the payment in full of the taxes, fees and charges payable from such Escrow Accounts shall be subject to the first priority Lien described in this paragraph), (iii) Section 1110 Assets, (iv) the Bank One Collateral and (v) interests of the Borrower and any Guarantor in the joint ventures set forth on Schedule A (but only to the extent that applicable law or the organizational documents with respect to any such joint venture do not permit an assignment of such interests, it being understood that in any event, the Lien described in this paragraph shall extend to the proceeds of any disposition of any such joint venture interests and all distributions thereon); and

(d) a perfected junior Lien, pursuant to Section 364(c)(3) of the Bankruptcy Code, upon all tangible and intangible property of the Borrower's and the Guarantors' respective estates in the Cases (other than Section 1110 Assets) that is subject to valid, perfected and non-avoidable Liens in existence on the Filing Date or to valid Liens in existence on the Filing Date that are perfected subsequent to the Filing Date as permitted by Section 546(b) of the Bankruptcy Code, including without limitation, a junior lien on the Bank One Collateral.

All of the claims and the Liens granted hereunder in the Cases to the Collateral Agent and the Lenders shall be subject to the Carve-Out to the extent provided in Section 2.23.

Accordingly, the parties hereto hereby agree as follows:

SECTION 1. **DEFINITIONS**

SECTION 1.01 **Defined Terms**.

"Air Transportation Stabilization Act and Regulations" shall mean the Air Transportation Safety and System Stabilization Act, P.L. 107-42, as the same may be amended from time to time, and the regulations promulgated thereunder (14 C.F.R. Part 1310) and related OMB Regulations, 14 C.F.R. Part 1300.

"ABR Loan" shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Section 2.

"Additional Credit" shall have the meaning given such term in Section 4.02(d) hereof.

"Adjusted LIBOR Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the greater of (A) an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the quotient of (i) the LIBOR Rate in effect for such Interest Period divided by (ii) a percentage (expressed as a decimal) equal to 100% minus Statutory Reserves and (B) 2%. For purposes hereof, the term "LIBOR Rate" shall mean the rate at which dollar deposits approximately equal in principal amount to such Eurodollar Borrowing and for a maturity comparable to such Interest Period are offered to the principal London office of the Paying Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

"Affiliate" shall mean, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, a Person (a "Controlled Person") shall be deemed to be "controlled by" another Person (a "Controlling Person") if the Controlling Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of the Controlled Person whether by contract or otherwise, provided, however, that an Affiliate shall not include the Parent's Employee Stock Option Plan (for purposes of this definition, the "ESOP"), the trustee of the ESOP or any Person who is a beneficial owner of voting stock of the Parent that is subject to the ESOP and who is eligible to report and reports such beneficial ownership on Schedule 13G promulgated under the Securities Exchange Act of 1934, as amended.

"Agents" shall have the meaning set forth in the first paragraph of this Agreement.

"Agreement" shall mean this Revolving Credit, Term Loan and Guaranty Agreement, as the same may from time to time be amended, modified or supplemented.

"Aircraft Mortgage" shall have the meaning set forth in Section 4.01(e).

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. For purposes hereof, "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Paying Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced. "Base CD Rate" shall mean the sum of (a) the quotient of (i) the Three-Month Secondary CD Rate divided by (ii) a percentage expressed as a decimal equal to 100% minus Statutory Reserves and (b) the Assessment Rate. "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-

month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Paying Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Paying Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Paying Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability or failure of the Paying Agent to obtain sufficient quotations in accordance with the terms hereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"Application" shall mean the Application of the Borrower to be updated or supplemented with the ATSB pursuant to Section 5.17 for the issuance of a federal credit instrument under the Air Transportation Stabilization Act and Regulations, as amended, modified or supplemented from time to time.

"Appraisers" shall mean Simat, Helliesen & Eichner, Inc. or such other appraisal firms as may be retained by the Agents from time to time.

"Assessment Rate" shall mean for any date the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently estimated by the Paying Agent as the then current net annual assessment rate that will be employed in determining amounts payable by the Paying Agent to the Federal Deposit Insurance Corporation (or any successor) for insurance by such corporation (or any successor) of time deposits made in dollars at the Paying Agent's domestic offices.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Paying Agent, substantially in the form of Exhibit F.

"ATSB" shall mean the Air Transportation Stabilization Board, created pursuant to Section 102(b) of the Air Transportation Safety and System Stabilization Act.

"Avoidance Actions" shall mean the Borrower and Guarantors' claims and causes of action arising under Section 502(d), 544, 547, 548 or 550 of the Bankruptcy Code or any other avoidance action under the Bankruptcy Code.

"Bank One" shall have the meaning set forth in the first paragraph of this Agreement.

"Bank One Collateral" shall mean (i) the rights of the Borrower and the Guarantors under that certain Co-Branded Card Marketing Services Agreement, dated July 1, 2001, as amended by the First Amendment to Co-Branded Card Marketing Services Agreement, dated as of May 1, 2002, the Second Amendment to Co-Branded Card Marketing Services Agreement, dated as of October 25, 2002, the Third Amendment to Co-Branded Card Marketing Services Agreement, dated as of December 7, 2002, and the Fourth Amendment to Co-Branded Card Marketing Services Agreement, dated as of December 7, 2002, among Bank One Delaware, NA, Parent, the Borrower and UAL Loyalty Services, Inc., (ii) contracts related to the contract referred to in clause (i) above and (iii) the assets used in connection with the delivery of benefits to Bank One Delaware NA, including assets owned by the Borrower and certain of the Guarantors operating the Mileage Plus program and related assets in the nature of software, customer lists, systems, programs, call centers and certain intellectual property assets, in each case, securing liabilities under the Bank One DIP.

"Bank One DIP" shall mean that certain Debtor In Possession Credit Agreement, dated as of December 24, 2002, among the Borrower, the Guarantors, the lenders from time to time party thereto, Bank One, as agent and Banc One Capital Markets, Inc., as lead arranger and sole bookrunner.

"Bank One DIP Lenders" shall mean the lenders from time to time party to the Bank One DIP.

"Bankruptcy Code" shall mean The Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 et seq.

"Bankruptcy Court" shall mean the United States Bankruptcy Court for the Northern District of Illinois or any other court having jurisdiction over the Cases from time to time.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Borrower" shall have the meaning set forth in the first paragraph of this Agreement.

"Borrowing" shall mean the incurrence of Loans of a single Type made from all the Lenders on a single date and having, in the case of Eurodollar Loans, a single Interest Period (with any ABR Loan made pursuant to Section 2.16 being considered a part of the related Borrowing of Eurodollar Loans).

"Borrowing Base" shall be defined in a manner reasonably satisfactory to the Initial Lenders and set forth in the Borrowing Base Amendment and shall limit Total Commitment Usage to 55% of Orderly Liquidation Value minus (i) the Carve-Out, (ii) a reserve satisfactory to the Agents (in consultation with the Initial Lenders) on account of pari passu cash management claims granted pursuant to Section 2.23(a) and permitted by Section 6.03(viii), (iii) the Tranche A Reserve and (iv) other availability reserves established by the Agents in their commercially reasonable discretion (it being understood that the reserves referred to in clauses (ii) and (iv) of this sentence shall not be applicable to extensions of credit in Stage I). The Borrowing Base will be comprised of unencumbered aircraft, spare parts inventory, spare engines, certain flight simulators and quick engine change kits included within the Collateral described in Section 2.23(a)(ii), in each case meeting those eligibility standards determined by the Initial Lenders in their sole discretion to be exercised reasonably, to be set forth in the Borrowing Base Amendment. Borrowing Base standards (in respect of matters other than cash management claims) may be established and revised from time to time by the Agents in their sole commercially reasonable discretion (provided, that the Agents may not revise Borrowing Base standards if the effect thereof would be to increase the foregoing advance rate or the amount of the Borrowing Base without the consent of the requisite Lenders as set forth in Section 10.10), with any changes in such standards to become effective five (5) Business Days after delivery of notice thereof to the Borrower.

"Borrowing Base Amendment" shall mean an amendment to this Agreement satisfactory to the Initial Lenders to be executed and delivered prior to the entry of the Final Order.

"Borrowing Base Certificate" shall mean a certificate substantially in the form of an exhibit to be annexed to the Borrowing Base Amendment (with such changes therein from time to time as may be required by the Collateral Agent to reflect the components of and reserves against the Borrowing Base as provided for hereunder from time to time), executed and certified by a Financial Officer of the Borrower, which shall include appropriate exhibits, schedules and collateral reporting requirements as referred to therein and as provided for in Section 5.07.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banks in the State of New York are required or permitted to close (and, for a Letter of Credit, other than a day on which the Fronting Bank issuing such Letter of Credit is closed); provided, however, that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits on the London interbank market.

"Capital Expenditures" shall mean, for any period, the aggregate of all expenditures (whether (i) paid in cash and not theretofore accrued or (ii) accrued as liabilities during such period, and including that portion of any post-petition Capitalized Lease which is capitalized on the consolidated balance sheet of the Parent and its Subsidiaries) net of cash amounts received by the Borrower and the Guarantors from other Persons during such period in reimbursement of Capital Expenditures made by the Borrower and the Guarantors, excluding interest capitalized during construction, made by the Borrower and the Guarantors during such period that, in conformity with GAAP, are required to be included in or reflected by the property, plant, equipment or similar fixed asset accounts reflected in the consolidated balance sheet of the Parent and its Subsidiaries (including equipment which in the ordinary course of business is purchased simultaneously with the trade-in or exchange of existing equipment owned by the Borrower or any of the Guarantors to the extent of the gross amount of such purchase price less the book value of the equipment being traded in or exchanged at such time), but excluding expenditures made in connection with the replacement or restoration of assets to the extent reimbursed or financed from (x) insurance proceeds paid on account of the loss of or the damage to the assets being replaced or restored, (y) awards of compensation arising from the taking by condemnation or eminent domain of such assets being replaced or (z) proceeds of asset sales permitted by this Agreement which proceeds are not required to be used to prepay the Loans pursuant to Section 2.13.

"Capitalized Lease" shall mean, as applied to any Person, any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP (excluding any leases that become Capitalized Leases as a result of a recharacterization of operating leases as Capitalized Leases in connection with the renegotiation thereof, provided that the Borrower's payment obligation thereunder are unchanged).

"Carve-Out" shall have the meaning set forth in Section 2.23.

"Cases" shall have the meaning set forth in the first paragraph of this Agreement.

"Change of Control" shall mean (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Parent or the Borrower; or (ii) the occupation of a majority of the seats (other than vacant seats) on the Board of Directors of the Parent or the Borrower by Persons who were neither (A) nominated by the Board of Directors of the Parent or the Borrower nor (B) appointed by directors so nominated.

"CIT Group" shall have the meaning set forth in the first paragraph of this Agreement.

"Closing Date" shall mean the date on which this Agreement has been executed and the conditions precedent to the making of the initial Loans set forth in Section 4.01 have been satisfied or waived by the Initial Lenders, which date shall occur promptly upon entry of the Interim Order, but not later than December 31, 2002.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Collateral" shall mean all of the "Collateral" referred to in the Collateral Documents, which shall (i) not include Avoidance Actions (it being understood that, notwithstanding such exclusion, the proceeds of Avoidance Actions shall be available to repay the Obligations), the Escrow Accounts (it being understood that, notwithstanding such exclusion, the Borrower's and any applicable Guarantor's rights to receive any excess funds remaining in the Escrow Accounts following the payment in full of the taxes, fees and charges payable from such Escrow Accounts shall be subject to the first priority Lien described in Section 2.23(a)) and the Section 1110 Assets and (ii) be otherwise limited as set forth in Section 2.23(a)(ii) and (a)(iii).

"Collateral Agent" shall mean, collectively, JPMorgan Chase and CUSA.

"Collateral Documents" shall mean, collectively, the Security and Pledge Agreement, the Aircraft Mortgage (including, without limitation, any Mortgage Supplement), the SGR Security Agreement and other agreements, instruments or documents that create or purport to create a Lien in favor of the Collateral Agent for the benefit of the Lenders.

"Combined DIP Commitment Percentage" shall mean, at any time, with respect to each Tranche A Lender, Tranche B Lender or Bank One DIP Lender, the percentage obtained by dividing such Lender's Tranche A Commitment, Tranche B Commitment and/or the outstanding amount of its loan under the Bank One DIP, as the case may be, by the Combined DIP Total Commitment.

"Combined DIP Total Commitment" shall mean, at any time, the sum of the Total Commitment and the total outstanding amount of the loan under the Bank One DIP at such time.

"Commitment Fee" shall have the meaning set forth in Section 2.20.

"Consummation Date" shall mean the date of the substantial consummation (as defined in Section 1101 of the Bankruptcy Code) of a Reorganization Plan for the Borrower that is confirmed pursuant to an order of the Bankruptcy Court.

"CUSA" shall have the meaning set forth in the first paragraph of this Agreement.

"DCA" shall mean Ronald Reagan Washington National Airport.

"Dollars" and "$" shall mean lawful money of the United States of America.

"DOT" shall mean the United States Department of Transportation.

"EBITDAR" shall mean, for any period, all as determined in accordance with GAAP, the consolidated net income (or net loss) of the Parent and its Subsidiaries for such period, plus (a) the sum of (i) depreciation expense, (ii) amortization expense, (iii) other non-cash charges (excluding any book gains or losses recognized on the return of aircraft associated with a rejection or settlement of the Borrower's credit agreement, dated as of November 17, 1999, as amended, with Kreditanstalt fur Wiederaufbau and the Borrower's 1997-1 enhanced equipment trust certificates), (iv) consolidated federal, state and local income tax expense, (v) gross interest expense for such period less gross interest income for such period, (vi) aircraft rent expense, (vii) extraordinary losses, (viii) any non-recurring charge or restructuring charge; (ix) the cumulative effect (whether positive or negative) of any change in accounting principles; (x) any Fees (and fees required under the Bank One DIP) paid by the Borrower and not otherwise added back to consolidated net income (or net loss) pursuant to any of the foregoing clauses of this definition; and (xi) the difference (whether positive or negative) between the cash paid by Bank One Delaware, N.A. during such period pursuant to its "Annual Guaranteed Miles Purchased" (as defined in the agreement referred to in clause (i) of the definition of Bank One Collateral) and the amount of the revenue recorded during such period on account of the miles so purchased by Bank One pursuant to such agreement during such period and prior periods less (b) extraordinary gains plus or minus (c) the amount of cash received or expended in such period in respect of any amount which, under clause (viii) above, was taken into account in determining EBITDAR for such or any prior period.

"Eligible Assignee" shall mean (i) a commercial bank having total assets in excess of $1,000,000,000; (ii) a finance company, insurance company or other financial institution or fund, in each case reasonably acceptable to the Agents, which in the ordinary course of business extends credit of the type contemplated herein and has total assets in excess of $200,000,000 and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of ERISA; (iii) a Lender Affiliate of the assignor Lender; and (iv) any other financial institution reasonably satisfactory to the Agents.

"Environmental Lien" shall mean a Lien in favor of any Governmental Authority for (i) any liability under federal or state environmental laws or regulations, or (ii) damages arising from or costs incurred by such Governmental Authority in response to a release or threatened release of a hazardous or toxic waste, substance or constituent, or other substance into the environment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with the Borrower or a Subsidiary of the Borrower would be deemed to be a single employer within the meaning of Section 414(b), (c), (m), or (o) of the Code.

"Escrow Accounts" shall mean certain funds set aside by the Borrower or any Guarantor to manage the collection and payment of amounts collected by the Borrower or such Guarantor for the benefit of third party beneficiaries relating to: (a) federal income tax withholding and backup withholding tax, employment taxes, transportation excise taxes and security related charges, including (i) federal payroll withholding taxes, as described in Sections 3101, 3111 and 3402 of the Code, (ii) federal Unemployment Tax Act taxes, as described in Chapter 23 of Subtitle C of the Code, (iii) federal air transportation excise taxes, as described in Sections 4261 and 4271 of the Code, (iv) federal security charges, as described in Title 49 of the Code of Federal Regulations of 2002 (referred to in this definition as the "CFR"), Chapter XII, Part 1510, (v) federal Animal and Plant Health Inspection Service of the United States Department of Agriculture (APHIS) user fees, as described in Title 21 United States Code (2002) (referred to in this definition as "U.S.C.") Section 136a and 7 CFR Section 354.3, (vi) federal Immigration and Naturalization Service (INS) fees, as described in 8 CFR Part 286, (vii) federal customs taxes as described in 19 U.S.C. Section 58c, and (viii) federal jet fuel taxes as described in Sections 4091 and 4092 of the Code collected on behalf of and owed to the federal government; (b) any and all state and local income tax withholding, employment taxes and related charges and fees and similar taxes, charges and fees, including, but not limited to, state and local payroll withholding taxes, unemployment and supplemental unemployment taxes, disability taxes, workman's or workers' compensation charges and related charges and fees that are analogous to those described in Subtitle C of the Code and that are described in or are analogous to Chapter 23 of Title 19 Delaware Code Annotated (2002) collected on behalf of and owed to state and local authorities, agencies and entities; and (c) passenger facility fees and charges as described in Title 49 Section 40117 (2002) and Title 14 of the Code of Federal Regulations of 2002, Subchapter 1, Part 158 collected on behalf of and owed to various administrators, institutions, authorities, agencies and entities; in each case held in escrow accounts or trust funds in an aggregate amount for all of such Escrow Accounts not in excess of $200,000,000 (provided that such amount may be increased upon an increase in any of the foregoing taxes, fees and charges for which the Borrower's officers and directors may have personal liability if not paid).

"Eurocurrency Liabilities" shall have the meaning given to such term in Regulation D issued by the Board, as in effect from time to time.

"Eurodollar Borrowing" shall mean a Borrowing comprised of Eurodollar Loans.

"Eurodollar Loan" shall mean any Loan bearing interest at a rate determined by reference to the Adjusted LIBOR Rate in accordance with the provisions of Section 2.

"Event of Default" shall have the meaning given such term in Section 7.

"Excluded Taxes" shall mean, with respect to the Paying Agent, Agents, Collateral Agent, any Lender, the Fronting Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Foreign Lender, any withholding tax that is imposed by any jurisdiction other than the United States of America or any state thereof or is imposed by the United States of America on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.18(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.18(a).

"FAA" shall mean the Federal Aviation Administration.

"Fees" shall collectively mean the Commitment Fees, Letter of Credit Fees and any other fees referred to in Sections 2.19, 2.20 and 2.21.

"Fifth-Freedom Rights" shall mean the operational right to enplane passenger traffic and cargo in a foreign country and deplane it in another foreign country.

"Filing Date" shall mean December 9, 2002.

"Final Order" shall have the meaning given such term in Section 4.02(d).

"Financial Officer" shall mean the Chief Financial Officer, Principal Accounting Officer, Controller, Treasurer or Vice President of the Borrower or the Guarantor, if applicable.

"Flight Simulators" shall mean the flight simulators and flight training devices of the Borrower or any applicable Guarantor other than the flight simulators listed on Schedule 1.01(a).

"Foreign Aviation Authorities" shall mean any foreign governmental, regulatory or other agency or agencies which exercise jurisdiction over the issuance or authorization to serve any foreign point on each of the Routes and/or

operations related to the Routes and Supporting Route Facilities.

"Foreign Lender" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Slot" shall mean all of the rights and operational authority, now held or hereafter acquired, of the Borrower and, if applicable, a Guarantor, to conduct one landing or takeoff operation during a specific hour or other period at each non-U.S. airport necessary to operate a Route.

"Fronting Bank" shall mean JPMorgan Chase or CUSA, or one or more other Lenders (or any of their banking affiliates), reasonably satisfactory to the Borrower and the Agents, that may, from time to time, act as a Fronting Bank.

"GAAP" shall mean generally accepted accounting principles applied in accordance with Section 1.02.

"Gate Leaseholds" shall mean all of the right, title, privilege, interest, and authority now or hereafter acquired or held by the Borrower or, if applicable, a Guarantor in connection with the right to use or occupy space in any airport or terminal at which the Borrower conducts scheduled operations.

"Governmental Authority" shall mean any Federal, state, municipal or other governmental department, commission, board, bureau, agency, administration or instrumentality or any court, in each case whether of the United States or foreign.

"Guarantor" shall have the meaning set forth in the first paragraph of this Agreement.

"Indebtedness" shall mean, at any time and with respect to any Person: (i) all indebtedness of such Person for borrowed money; (ii) all indebtedness of such Person for the deferred purchase price of property or services (other than property, including inventory, and services purchased, and expense accruals and deferred compensation items arising, in the ordinary course of business); (iii) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments (other than performance, surety and appeal bonds arising in the ordinary course of business); (iv) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (v) all obligations of such Person under Capitalized Leases; (vi) all reimbursement, payment or similar obligations of such Person, contingent or otherwise, under acceptance, letter of credit or similar facilities and all obligations of such Person in respect of (x) currency swap agreements, currency future or option contracts and other similar agreements designed to hedge against fluctuations in foreign interest rates and currency values, (y) interest rate swap, cap or collar agreements and interest rate future or option contracts, and (z) fuel hedges and other derivatives contracts; (vii) all Indebtedness referred to in clauses (i) through (vi) above guaranteed directly or indirectly by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (A) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (B) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss in respect of such Indebtedness, (C) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered or to maintain the net worth or other financial condition or ratio of the debtor) or (D) otherwise to assure a creditor against loss in respect of such Indebtedness; and (viii) all Indebtedness referred to in clauses (i) through (vii) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (it being understood that claims arising upon the rejection of unexpired leases and other executory contracts shall not be treated as Indebtedness hereunder).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Initial Lenders" shall mean JPMorgan Chase, CUSA, Bank One and CIT Group.

"Insufficiency" shall mean, with respect to any Plan, its "amount of unfunded benefit liabilities" within the meaning of Section 4001(a)(18) of ERISA, if any.

"Interim Order" shall have the meaning given such term in Section 4.01(b).

"Interest Payment Date" shall mean (i) as to any Eurodollar Loan, the last day of each consecutive 30 day period running from the commencement of the applicable Interest Period, and (ii) as to all ABR Loans, the last calendar day of each month and the date on which any ABR Loans are refinanced with Eurodollar Loans pursuant to Section 2.12.

"Interest Period" shall mean, as to any Borrowing of Eurodollar Loans, the period commencing on the date of such Borrowing (including as a result of a refinancing of ABR Loans) or on the last day of the preceding Interest Period applicable to such Borrowing and ending on the numerically corresponding day (or if there is no corresponding day, the last day) in the calendar month that is one, three or six months thereafter, as the Borrower may elect in the related notice delivered pursuant to Sections 2.06(b) or 2.12; provided, however, that (i) if any Interest Period would end on a day which shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next

succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) no Interest Period shall end later than the Termination Date.

"Investments" shall have the meaning given such term in Section 6.10.

"JFK" shall mean New York's John F. Kennedy (JFK) International Airport.

"Joint Commitment Letter" shall mean that certain Joint Commitment Letter dated December 8, 2002 among JPMorgan Chase, JPMSI, CUSA, SSB, Bank One, CIT Group and the Borrower.

"Joint Lead Arrangers" shall mean JPMSI and SSB.

"JPMorgan Chase" shall have the meaning set forth in the first paragraph of this Agreement.

"JPMSI" shall mean J.P Morgan Securities, Inc.

"Lender Affiliate" means, (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Lenders" shall mean the Tranche A Lenders and the Tranche B Lenders.

"Letter of Credit" shall mean any irrevocable letter of credit issued pursuant to Section 2.03, which letter of credit shall be (i) a standby or import documentary letter of credit, (ii) issued for purposes that are consistent with the ordinary course of business of the Borrower or any Guarantor, or for such other purposes as are reasonably acceptable to the Agents, (iii) denominated in Dollars and (iv) otherwise in such form as may be reasonably approved from time to time by the Agents and the applicable Fronting Bank.

"Letter of Credit Account" shall mean the account established by the Borrower under the sole and exclusive control of the Paying Agent maintained at the office of the Paying Agent at 270 Park Avenue, New York, New York 10017 designated as the "United Airlines Letter of Credit Account" that shall be used solely for the purposes set forth in Sections 2.03(b) and 2.13.

"Letter of Credit Fees" shall mean the fees payable in respect of Letters of Credit pursuant to Section 2.21.

"Letter of Credit Outstandings" shall mean, at any time, the sum of (i) the aggregate undrawn stated amount of all Letters of Credit then outstanding plus (ii) all amounts theretofore drawn under Letters of Credit and not then reimbursed.

"LGA" shall mean New York's LaGuardia Airport.

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind whatsoever (including any conditional sale or other title retention agreement or any lease in the nature thereof).

"Loan" shall mean, collectively, the Tranche A Loans and the Tranche B Loan.

"Loan Documents" shall mean this Agreement, the Letters of Credit, the Collateral Documents, and any other instrument or agreement executed and delivered to the Paying Agent, the Agents, the Collateral Agent or any Lender in connection herewith (including, without limitation, applications for Letters of Credit and related reimbursement agreements), in each case, as the same may be amended, modified, supplemented, extended or restated from time to time.

"Maturity Date" shall mean July 1, 2004.

"Mortgaged Collateral" shall mean all of the "Collateral" as defined in the Aircraft Mortgage (including any Mortgage Supplement), defined to include, without limitation, all aircraft, spare engines and spare parts inventory included within the Collateral described in Section 2.23(a)(ii).

"Mortgage Supplement" shall have the meaning set forth in the Aircraft Mortgage.

"Multiemployer Plan" shall mean a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) the Borrower or a Subsidiary of the Borrower or an ERISA Affiliate, and each such plan for the five-year period immediately following the latest date on which the Borrower, or a Subsidiary of the Borrower or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

"Multiple Employer Plan" shall mean a Single Employer Plan, which (i) is maintained for employees of the Borrower or an ERISA Affiliate and at least one person (as defined in Section 3(9) of ERISA) other than the Borrower and its ERISA Affiliates or (ii) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such Plan has been or were to be terminated.

"Net Proceeds" shall mean, in respect of any sale of assets, the cash proceeds of such sale after the payment of or reservation for (i) expenses that are directly related to (or the need for which arises as a result of) the transaction of sale, including, but not limited to, related severance costs, taxes payable, brokerage commissions, professional expenses, other similar costs that are directly related to the sale (all of which expenses shall be reasonably satisfactory to the Agents in their reasonable judgment) and (ii) the amount secured by valid and perfected Liens, if any, that are senior to the Liens on such assets held by the Collateral Agent on behalf of the Lenders.

"Non-Primary Routes" shall mean all of the Routes other than the Primary Routes.

"Obligations" shall mean (a) the due and punctual payment of principal of and interest on the Loans and the reimbursement of all amounts drawn under Letters of Credit, and (b) the due and punctual payment of the Fees and all other present and future, fixed or contingent, monetary obligations of the Borrower and the Guarantors to the Lenders and the Agents under the Loan Documents.

"Orderly Liquidation Value" shall mean, at the time of any determination thereof, the most current valuation (as required pursuant to Sections 4.01(h), 4.02(h) and 5.09 of this Agreement, as the case may be) of the orderly liquidation value of unencumbered aircraft, spare engines, Flight Simulators, spare parts inventory and QEC Kits included within the Collateral described in Section 2.23(a)(ii) as determined by the Appraisers.

"Orders" shall mean the Interim Order and the Final Order of the Bankruptcy Court referred to in Sections 4.01(b) and 4.02(d).

"Other Taxes" shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Parent" shall have the meaning set forth in the first paragraph of this Agreement.

"Paying Agent" shall have the meaning set forth in the first paragraph of this Agreement.

"PBGC" shall mean the Pension Benefit Guaranty Corporation, or any successor agency or entity performing substantially the same functions.

"Pension Plan" shall mean a defined benefit plan (as defined in Section 414(j) of the Code and Section 3(35) of ERISA) which is intended to be qualified under Section 401(a) of the Code.

"Permitted Investments" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within twelve months from the date of acquisition thereof;

(b) investments in commercial paper maturing within six months from the date of acquisition thereof and having, at such date of acquisition, a rating of at least "A-2" or the equivalent thereof from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or of at least "P-2" or the equivalent thereof from Moody's Investors Service, Inc.;

(c) investments in certificates of deposit, banker's acceptances and time deposits (including Eurodollar time deposits) maturing within six months from the date of acquisition thereof issued or guaranteed by or placed with (i) any domestic office of the Paying Agent or the bank with whom the Borrower and the Guarantors maintain their cash management system, or (ii) any domestic office of any other commercial bank of recognized standing organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $250,000,000 and is the principal banking Subsidiary of a bank holding company having a long-term unsecured debt rating of at least "A-2" or the equivalent thereof from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or at least "P-2" or the equivalent thereof from Moody's Investors Service, Inc.;

(d) investments in commercial paper maturing within six months from the date of acquisition thereof and issued by (i) the holding company of the Paying Agent or (ii) the holding company of any other commercial bank of recognized standing organized under the laws of the United States of America or any State thereof that has (A) a combined capital and surplus in excess of $250,000,000 and (B) commercial paper rated at least "A-2" or the equivalent thereof from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or of at least "P-2" or the equivalent thereof from Moody's Investors Service, Inc.;

(e) investments in repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (a) above entered into with any office of a bank or trust company meeting the qualifications specified in clause (c) above; and

(f) investments in money market funds substantially all the assets of which are comprised of securities of the types described in clauses (a) through (e) above.

"Permitted Liens" shall mean: (i) Liens imposed by law (other than Environmental Liens and any Lien

imposed under ERISA) for taxes, assessments or charges of any Governmental Authority for claims not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP; (ii) Liens of landlords and Liens of carriers, warehousemen, consignors, mechanics, materialmen and other Liens (other than Environmental Liens and any Lien imposed under ERISA) in existence on the Filing Date or thereafter imposed by law and created in the ordinary course of business; (iii) Liens (other than any Lien imposed under ERISA) incurred or deposits (including, without limitation, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, leases, contracts (other than for the repayment of Indebtedness), statutory obligations and other similar obligations or arising as a result of progress payments under government contracts; (iv) easements (including, without limitation, reciprocal easement agreements and utility agreements), rights-of-way, covenants, consents, reservations, encroachments, variations and zoning and other restrictions, charges or encumbrances (whether or not recorded) and interest of ground lessors, which do not interfere materially with the ordinary conduct of the business of the Borrower or any Guarantor, as the case may be, and which do not materially detract from the value of the property to which they attach or materially impair the use thereof to the Borrower or any Guarantor, as the case may be; (v) purchase money Liens (including Capitalized Leases) upon or in any property acquired or held in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness permitted by Section 6.03(v) solely for the purpose of financing the acquisition of such property; (vi) letters of credit or deposits in the ordinary course to secure leases; and (vii) extensions, renewals or replacements of any Lien referred to in paragraphs (i) through (vi) above, provided, that the principal amount of the obligation secured thereby is not increased and that any such extension, renewal or replacement is limited to the property originally encumbered thereby.

"Person" shall mean any natural person, corporation, division of a corporation, partnership, trust, joint venture, association, company, estate, unincorporated organization or government or any agency or political subdivision thereof.

"Plan" shall mean a Single Employer Plan or a Multiemployer Plan.

"Prepayment Date" shall mean forty-five (45) days after the entry of the Interim Order by the Bankruptcy Court if the Final Order has not been entered by the Bankruptcy Court prior to the expiration of such forty-five (45) day period.

"Pre-Petition Payment" shall mean a payment (by way of adequate protection or otherwise) of principal or interest or otherwise on account of any pre-petition Indebtedness or trade payables (including, without limitation, in respect of reclamation claims) or other pre-petition claims against the Borrower or any Guarantor.

"Primary Foreign Slots" shall mean the Foreign Slots set forth on Schedule 1.01(b), as may be amended from time to time at the request of the Agents pursuant to Section 5.20(b).

"Primary Routes" shall mean the Routes set forth on Schedule 1.01(c), as may be amended from time to time at the request of the Agents pursuant to Section 5.20(b).

"QEC Kits" shall mean the quick engine change kits of the Borrower and any applicable Guarantor.

"Register" shall have the meaning set forth in Section 10.03(d).

"Reorganization Plan" shall mean a plan of reorganization in any of the Cases.

"Required Lenders" shall mean, at any time, Lenders having Tranche A Commitments and Tranche B Commitments representing in excess of 50% of the Total Commitment.

"Routes" shall mean the routes for which the Borrower or, if applicable, a Guarantor, holds or hereafter acquires the requisite authority to operate pursuant to Title 49 including, without limitation, applicable frequencies, exemption and certificate authorities, Fifth-Freedom Rights and "behind/beyond rights".

"Section 1110 Assets" shall mean (i) property (and agreements related to such property) that qualifies as an "aircraft," "aircraft engine," "propeller," "appliance" or "spare part" (as defined in Section 40102 of Title 49) as those terms are used in Section 1110(a)(3)(A)(i) and (B) of the Bankruptcy Code to the extent that the Borrower or any applicable Guarantor is expressly prohibited from granting liens thereon or assignments thereof under the terms of any security agreement, lease or conditional sale agreement related thereto under which the applicable secured party, lessor or seller is entitled to the protections afforded under Section 1110 of the Bankruptcy Code with respect to such property or agreements or (ii) property referred to in the previous clause that the Borrower or any of the Guarantors elects to return to the party providing financing therefor in exchange for a discharge of the related indebtedness.

"Security and Pledge Agreement" shall have the meaning set forth in Section 4.01(c).

"SGR Security Agreement" shall have the meaning set forth in Section 4.01(d).

"Single Employer Plan" shall mean a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (i) is maintained for employees of the Borrower or an ERISA Affiliate or (ii) was so maintained and in

respect of which the Borrower could reasonably be expected to have liability under Title IV of ERISA in the event such Plan has been or were to be terminated.

"Slot" shall mean all of the rights and operational authority of the Borrower and, if applicable, a Guarantor, now held or hereafter acquired, to conduct one Instrument Flight Rule (as defined under the FAA regulations) landing or takeoff operation during a specific hour or half-hour period at LGA, DCA or JFK pursuant to FAA regulations, including Title 14 (as defined in the SGR Security Agreement).

"Slot Reporting Guidelines" shall mean that, for purposes of each slot utilization report delivered pursuant to Section 5.01(n),

(i) a Slot will be deemed "utilized" if (A) such Slot is used for a take-off or landing operation, (B) by regulation or other regulatory notice, the FAA considers such Slot as "used" for purposes of 14 C.F.R. Section 93.227, regardless of whether or not such Slot was, in fact, used (e.g., holidays as defined in 14 C.F.R. Section 93.227(l) and labor actions), (C) by waiver, the FAA considers such Slot as "used" for purposes of 14 C.F.R. Section 93.227, even though such Slot was not, in fact, used or (D) the FAA otherwise waives the slot utilization requirement of 14 C.F.R. Section 93.227,

(ii) if the Borrower engages in a temporary Slot trade, transfer, exchange or lease with another air carrier, the Borrower shall report the utilization rate for the slot received in the trade, transfer or lease, rather than for the Slot traded, transferred or leased to such other air carrier, for so long as the slot received continues to be operated by the Borrower,

(iii) a "week" is defined as a seven-day period, and

(iv) the two month FAA reporting period shall be the period for which air carriers provide slot utilization reports to the FAA pursuant to 14 C.F.R. Section 93.227.

"SSB" shall mean Salomon Smith Barney Inc.

"Stage I" shall mean the period commencing on the date upon which the conditions set forth in Section 4.01 shall have been satisfied (or waived by the Initial Lenders) and ending on the date upon the Stage II Threshold.

"Stage II" shall mean the period beginning upon the occurrence of the Stage II Threshold.

"Stage II Threshold" shall mean the point in time at which the conditions set forth in Section 4.02(h) shall have been satisfied (or waived in accordance with the proviso numbered (3) set forth in Section 10.10(a)).

"Statutory Reserves" shall mean on any date the percentage (expressed as a decimal) established by the Board and any other banking authority which is (i) for purposes of the definition of Base CD Rate, the then stated maximum rate of all reserves (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City, for new three month negotiable nonpersonal time deposits in dollars of $100,000 or more or (ii) for purposes of the definition of Adjusted LIBOR Rate, the then stated maximum rate for all reserves (including but not limited to any emergency, supplemental or other marginal reserve requirements) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency Liabilities (or any successor category of liabilities under Regulation D issued by the Board, as in effect from time to time). Such reserve percentages shall include, without limitation, those imposed pursuant to said Regulation. The Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in such percentage.

"Subsidiary" shall mean, with respect to any Person (herein referred to as the "parent"), any corporation, association or other business entity (whether now existing or hereafter organized) of which at least a majority of the securities or other ownership interests having ordinary voting power for the election of directors is, at the time as of which any determination is being made, owned or controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Super-majority Lenders" shall have the meaning given such term in Section 10.10(b).

"Superpriority Claim" shall mean a claim against the Borrower and any Guarantor in any of the Cases which is an administrative expense claim having priority over any or all administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code.

"Supporting Route Facilities" shall mean the takeoff and/or landing rights, gates, ticket counters, office space and baggage claim areas at each non-U.S. airport necessary to operate a Route including, but not limited to, those at the following airports: London, Heathrow; Tokyo, Narita; Osaka, Kansai; Beijing, Capital Airport; Shanghai, Puo Dong; and Hong Kong, Hong Kong International.

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Termination Date" shall mean the earliest to occur of (i) the Prepayment Date, (ii) the Maturity Date, (iii) the Consummation Date and (iv) the acceleration of the Loans and the termination of the Total Commitment in accordance with the terms hereof.

"Termination Event" shall mean (i) a "reportable event", as such term is described in Section 4043(c) of ERISA (other than a "reportable event" as to which the 30-day notice is waived under subsection .22, .23, ..25, .27 or .28 of PBGC Regulation Section 4043) or an event described in Section 4068 of ERISA and excluding events which would not be reasonably likely (as reasonably determined by the Agent) to have a material adverse effect on the financial condition, operations, business, properties or assets of the Borrower and the Guarantors taken as a whole, or (ii) the withdrawal of the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a "substantial employer," as such term is defined in Section 4001(a)(2) of ERISA, the incurrence of liability by the Borrower or any ERISA Affiliate under Section 4064 of ERISA upon the termination of a Multiple Employer Plan, the imposition of Withdrawal Liability, or (iii) providing notice of intent to terminate a Pension Plan pursuant to Section 4041(c) of ERISA (provided such termination would have a material adverse effect on the operations, business, properties, assets, prospects or condition (financial or otherwise) of the Borrower and the Guarantors taken as a whole) or the treatment of a Pension Plan amendment as a termination under Section 4041 of ERISA, if such amendment requires the provision of security, or (iv) the institution of proceedings to terminate a Pension Plan by the PBGC under Section 4042 of ERISA (provided such termination would have a material adverse effect on the operations, business, properties, assets, prospects or condition (financial or otherwise) of the Borrower and the Guarantors taken as a whole), or (v) any other event or condition (other than the commencement of the Cases and the failure to have made any contribution accrued as of the Filing Date but not paid) which would reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the imposition of any liability under Title IV of ERISA (other than for the payment of premiums to the PBGC in the ordinary course), excluding events or conditions which would not be reasonably likely (as reasonably determined by the Agent) to have a material adverse effect on the operations, business, properties, assets, prospects or condition (financial or otherwise) of the Borrower and the Guarantors taken as a whole.

"Title 49" shall mean Title 49 of the United States Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the regulations promulgated pursuant thereto or any subsequent legislation that amends, supplements or supersedes such provisions.

"Total Commitment" shall mean, at any time, the sum of the Total Tranche A Commitment and the Total Tranche B Commitment at such time.

"Total Commitment Percentage" shall mean, at any time, with respect to each Tranche A Lender or Tranche B Lender, the percentage obtained by dividing such Lender's Tranche A Commitment and/or Tranche B Commitment, as the case may be, by the Total Commitment at such time.

"Total Commitment Usage" shall mean, at any time, the sum of the Tranche A Total Commitment Usage and the outstanding principal amount of the Tranche B Loan.

"Total Tranche A Commitment" shall mean, at any time, the sum of the Tranche A Commitments at such time.

"Total Tranche B Commitment" shall mean, at any time, the outstanding amount of the Tranche B Loan at such time.

"Tranche A Commitment" shall mean the commitment of each Tranche A Lender to make Tranche A Loans hereunder in the amount set forth opposite its name on Annex A hereto or as may subsequently be set forth in the Register from time to time, as the case may be, and as may be reduced from time to time pursuant to Section 2.10 and Section 2.13.

"Tranche A Commitment Percentage" shall mean at any time, with respect to each Tranche A Lender, the percentage obtained by dividing its Tranche A Commitment at such time by the Total Tranche A Commitment.

"Tranche A Lender" shall mean each Lender having a Tranche A Commitment.

"Tranche A Loan" shall have the meaning set forth in Section 2.01(a).

"Tranche A Reserve" shall have the meaning set forth in Section 2.01(a).

"Tranche A Total Commitment Usage" shall mean at any time, the sum of (i) the aggregate outstanding principal amount of all Tranche A Loans and (ii) the aggregate Letter of Credit Outstandings.

"Tranche B Commitment" shall mean the commitment of each Tranche B Lender to make the Tranche B Loan hereunder in the amount set forth opposite its name on Annex A hereto or as may subsequently be set forth in the Register from time to time, as the case may be, and as may be reduced from time to time pursuant to Section 2.10 and Section 2.13.

"Tranche B Commitment Percentage" shall mean at any time, with respect to each Tranche B Lender, the percentage obtained by dividing its Tranche B Commitment at such time by the Total Tranche B Commitment.

"Tranche B Lender" shall mean each Lender having a Tranche B Commitment.

"Tranche B Loan" shall have the meaning set forth in Section 2.01(b).

"Type" when used in respect of any Loan or Borrowing shall refer to the Rate of interest by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall mean the Adjusted LIBOR Rate and the Alternate Base Rate.

"United States Citizen" shall have the meaning set forth in Section 3.02.

"Unused Total Tranche A Commitment" shall mean, at any time, (i) the Total Tranche A Commitment less the Tranche A Total Commitment Usage.

"Use or Lose Rule" shall mean with respect to Slots, the terms of 14 C.F.R. Section 93.227.

"Withdrawal Liability" shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02 **Terms Generally**. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. All references herein to Sections, Exhibits and Schedules shall be deemed references to Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that for purposes of determining compliance with any covenant set forth in Section 6, such terms shall be construed in accordance with GAAP as in effect on the date of this Agreement applied on a basis consistent with the application used in the Borrower's audited financial statements referred to in Section 3.05.

SECTION 2 AMOUNT AND TERMS OF CREDIT

SECTION 2.01 **Commitment of the Lenders; Availability**.

(a) Tranche A Revolving Commitment. Each Tranche A Lender severally and not jointly with the other Tranche A Lenders agrees, upon the terms and subject to the conditions herein set forth, to make revolving credit loans (each a "Tranche A Loan" and collectively, the "Tranche A Loans") to the Borrower at any time and from time to time during the period commencing on the date of satisfaction (or waiver) of the conditions set forth in Section 4.01 hereof and ending on the Termination Date in an aggregate principal amount not to exceed, when added to such Tranche A Lender's Tranche A Commitment Percentage of the then aggregate Letter of Credit Outstandings, the Tranche A Commitment of such Lender, which Tranche A Loans may be repaid and reborrowed in accordance with the provisions of this Agreement. Subject to the provisions of Section 2.01(c), at no time shall the sum of the then outstanding aggregate principal amount of the Tranche A Loans plus the then aggregate Letter of Credit Outstandings exceed the lesser of (i) an amount equal to (A) the Total Tranche A Commitment of $800,000,000 as the same may be reduced from time to time pursuant to Section 2.10, Section 2.13 or Section 2.14 less (B) an amount equal to $100,000,000 which shall be held back as a reserve from the availability of the Total Tranche A Commitment during Stage II for maintenance of the Collateral and liquidation expenses (the "Tranche A Reserve"), which Tranche A Reserve may be advanced only as set forth in Section 2.01(a)(2), and (ii) following the execution and delivery of the Borrowing Base Amendment, the Borrowing Base minus the outstanding principal amount of the Tranche B Loan.

(1) Each Tranche A Loan shall be made by the Tranche A Lenders pro rata in accordance with their respective Tranche A Commitments; provided, however, that the failure of any Tranche A Lender to make any Tranche A Loan shall not in itself relieve the other Tranche A Lenders of their obligations to lend.

(2) Notwithstanding anything to the contrary in Section 2.01(c), upon the exercise of remedies following the occurrence of an Event of Default, each of the Tranche A Lenders agrees, severally and not jointly, in accordance with such Tranche A Lender's Tranche A Commitment Percentage, to make the proceeds of Tranche A Loans available to the Collateral Agent (notwithstanding the failure of the Borrower to satisfy the applicable lending conditions thereto) in an aggregate amount not to exceed such Lender's Tranche A Commitment Percentage of the Tranche A Reserve as follows: (i) the proceeds of Tranche A Loans in an aggregate amount up to $20,000,000 shall be made available to the Collateral Agent in the sole discretion of the Collateral Agent; and (ii) Tranche A Loans in excess of an aggregate of $20,000,000 shall be made available to the Collateral Agent upon the consent of the Required Lenders. Such proceeds shall be used by the Collateral Agent for expenses incurred in the Collateral Agent's sole discretion for maintenance of the Collateral and liquidation expenses.

(b) Tranche B Term Loan Commitment. Each Tranche B Lender, severally and not jointly with the other Tranche B Lenders agrees, upon the terms and subject to the conditions herein set forth, to make available to the Borrower a term loan in an aggregate principal amount equal to such Tranche B Lender's Tranche B Commitment (collectively, the "Tranche B Loan"). Upon the satisfaction (or waiver) of the conditions set forth in Section 4.01, each Tranche B Lender shall make a Tranche B Loan to the Borrower in an amount equal to such Tranche B Lender's Tranche B Commitment Percentage of $400,000,000. Once repaid, the Tranche B Loan may not be reborrowed and the Total Tranche B Commitment shall be automatically and permanently reduced by an amount equal to the amount so repaid.

(1) The Tranche B Loan shall be made by the Tranche B Lenders pro rata in accordance with their respective Tranche B Commitments; provided, however, that the failure of any Tranche B Lender to make its Tranche B Loan shall not in itself relieve the other Tranche B Lenders of their obligations to lend.

(c) Availability. Notwithstanding any other provision of this Agreement to the contrary, at no time shall Total Commitment Usage exceed, in the aggregate but subject to the provisions of Section 2.01(a)(2) and compliance with Section 2.02: (i) during Stage I, $500,000,000 comprised of Tranche A Loans and Letter of Credit Outstandings in an amount not to exceed $100,000,000 and the Tranche B Loan in an amount equal to $400,000,000; and (ii) during Stage II, not more than $1,200,000,000 comprised of Tranche A Loans and Letter of Credit Outstandings in an aggregate amount not exceeding $800,000,000 (less the Tranche A Reserve) plus the Tranche B Loan.

SECTION 2.02 **Borrowing Base**. Notwithstanding any other provision of this Agreement to the contrary, the aggregate principal amount of all outstanding Loans plus the then aggregate Letter of Credit Outstandings (in excess of the amount of cash then held in the Letter of Credit Account pursuant to Section 2.03(b)) shall not at any time following the date upon which the Borrowing Base Amendment shall have been executed exceed the Borrowing Base, and no Loan shall be made or Letter of Credit issued in violation of the foregoing.

SECTION 2.03 **Letters of Credit**.

(a) Upon the terms and subject to the conditions herein set forth, the Borrower may request a Fronting Bank, at any time and from time to time after the date of satisfaction (or waiver) of the conditions set forth in Section 4.01 and prior to the Termination Date, to issue, and, subject to the terms and conditions contained herein, such Fronting Bank shall issue, for the account of the Borrower or a Guarantor one or more Letters of Credit, provided, that no Letter of Credit shall be issued if after giving effect to such issuance (i) the aggregate Letter of Credit Outstandings shall exceed $100,000,000 or (ii) the aggregate Letter of Credit Outstandings, when added to the aggregate outstanding principal amount of the Tranche A Loans, would exceed the amounts permitted to be outstanding pursuant to Section 2.01(c) and, provided, further, that no Letter of Credit shall be issued if the Fronting Bank shall have received notice from either Agent (in consultation with the other Agent) or the Required Lenders that the conditions to such issuance have not been met.

(b) No Letter of Credit shall expire later than the Maturity Date, provided that if any Letter of Credit shall be outstanding on the Termination Date, the Borrower shall, at or prior to the Termination Date, except as either Agent (in consultation with the other Agent) may otherwise agree in writing, (i) cause all Letters of Credit which expire after the Termination Date to be returned to the Fronting Bank undrawn and marked "cancelled" or (ii) if the Borrower is unable to do so in whole or in part, either (x) provide a "back-to-back" letter of credit to one or more Fronting Banks in a form reasonably satisfactory to such Fronting Bank and the Agents, issued by a bank reasonably satisfactory to such Fronting Bank and the Agents, and in an amount equal to 105% of the then undrawn stated amount of all outstanding Letters of Credit issued by such Fronting Banks (less the amount, if any, then on deposit in the Letter of Credit Account) and/or (y) deposit cash in the Letter of Credit Account in an amount equal to 105% of the then undrawn stated amount of all Letter of Credit Outstandings (less the amount of cash, if any, then on deposit in the Letter of Credit Account) as collateral security for the Borrower's reimbursement obligations in connection therewith, such cash to be remitted to the Borrower upon the expiration, cancellation or other termination or satisfaction of such reimbursement obligations and the other Obligations (other than contingent indemnification obligations in respect of which no claims giving rise thereto have been asserted) hereunder and under the other Loan Documents.

(c) The Borrower shall pay to each Fronting Bank, in addition to such other fees and charges as are specifically provided for in Section 2.21 hereof, such fees and charges in connection with the issuance and processing of the Letters of Credit issued by such Fronting Bank as are customarily imposed by such Fronting Bank from time to time in connection with letter of credit transactions.

(d) Drafts drawn under each Letter of Credit shall be reimbursed by the Borrower in Dollars not later than the first Business Day following the date of draw and shall bear interest from the date of draw until the first Business Day following the date of draw at a rate per annum equal to the Alternate Base Rate plus 3.5% and thereafter on the reimbursed portion until reimbursed in full at a rate per annum equal to the Alternate Base Rate plus 5.5% (computed on the basis of the actual number of days elapsed over a year of 360 days or when the Alternate Base Rate is based on the Prime Rate, a year with 365 days or 366 days in a leap year). The Borrower shall effect such reimbursement (x) if such draw occurs prior to the Termination Date, in cash or through a Borrowing regardless of whether the conditions precedent set forth in Section 4.02 are then met or (y) if such draw occurs on or after the Termination Date, in cash. Each Tranche A Lender agrees to make the Tranche A Loans described in clause (x) of the preceding sentence notwithstanding a failure of the Borrower to satisfy the applicable lending conditions thereto.

(e) Immediately upon the issuance of any Letter of Credit by any Fronting Bank, such Fronting Bank shall automatically be deemed to have sold to each Tranche A Lender other than such Fronting Bank and each such other Tranche A Lender shall be deemed unconditionally and irrevocably to have purchased from such Fronting Bank, without recourse or warranty, an undivided interest and participation, to the extent of such Tranche A Lender's Tranche A Commitment Percentage, in such Letter of Credit, each drawing thereunder and the obligations of the Borrower and the Guarantors under this Agreement with respect thereto. Upon any change in the Tranche A Commitments pursuant to Section 10.03, it is hereby agreed that with respect to all Letter of Credit Outstandings, there shall be an automatic adjustment to the participations hereby created to reflect the new Tranche A Commitment Percentages of the assigning and assignee Tranche A Lenders. Any action taken or omitted by a Fronting Bank under or in connection with a Letter of Credit shall not create for such Fronting Bank any resulting liability to any other Lender except to the extent that the actions or inactions of the Fronting Bank with respect to such Letter of Credit are judicially determined to have constituted bad faith, gross negligence or willful misconduct.

(f) In the event that a Fronting Bank makes any payment under any Letter of Credit and the Borrower shall not have reimbursed such amount in full to such Fronting Bank pursuant to this Section, the Fronting Bank shall promptly notify the Paying Agent, which shall promptly notify each Tranche A Lender of such failure, and each Tranche A Lender shall promptly and unconditionally pay to the Paying Agent (without defense, set-off, counterclaim or other deduction) for the account of the Fronting

Bank the amount of such Tranche A Lender's Tranche A Commitment Percentage of such unreimbursed payment in Dollars and in same day funds. If the Fronting Bank so notifies the Paying Agent, and the Paying Agent so notifies the Tranche A Lenders prior to 11:00 a.m. (New York City time) on any Business Day, each Tranche A Lender shall make available to the Fronting Bank such Tranche A Lender's Tranche A Commitment Percentage of the amount of such payment on such Business Day in same day funds, and if the Paying Agent so notifies the Tranche A Lenders after 11:00 a.m. (New York City time), on the next Business Day. If and to the extent such Tranche A Lender shall not have so made its Tranche A Commitment Percentage of the amount of such payment available to the Fronting Bank, such Tranche A Lender agrees to pay to such Fronting Bank, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Paying Agent for the account of such Fronting Bank at the Federal Funds Effective Rate. The failure of any Tranche A Lender to make available to the Fronting Bank its Tranche A Commitment Percentage of any payment under any Letter of Credit shall not relieve any other Tranche A Lender of its obligation hereunder to make available to the Fronting Bank its Tranche A Commitment Percentage of any payment under any Letter of Credit on the date required, as specified above, but no Tranche A Lender shall be responsible for the failure of any other Tranche A Lender to make available to such Fronting Bank such other Tranche A Lender's Tranche A Commitment Percentage of any such payment. Whenever a Fronting Bank receives a payment of a reimbursement obligation as to which it has received any payments from the Tranche A Lenders pursuant to this paragraph, such Fronting Bank shall pay to each Tranche A Lender which has paid its Tranche A Commitment Percentage thereof, in Dollars and in same day funds, an amount equal to such Tranche A Lender's Tranche A Commitment Percentage thereof.

SECTION 2.04 **Issuance**. Whenever the Borrower desires a Fronting Bank to issue a Letter of Credit, it shall give to such Fronting Bank and the Paying Agent prior written (including telegraphic, telex, facsimile or cable communication) notice reasonably in advance of the requested date of issuance specifying the date on which the proposed Letter of Credit is to be issued (which shall be a Business Day), the stated amount of the Letter of Credit so requested, the expiration date of such Letter of Credit and the name and address of the beneficiary thereof.

SECTION 2.05 **Nature of Letter of Credit Obligations Absolute**. The obligations of the Borrower to reimburse the Tranche A Lenders for drawings made under any Letter of Credit shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation (it being understood that any such payment by the Borrower shall be without prejudice to, and shall not constitute a waiver of, any rights the Borrower might have or might acquire as a result of the payment by the Fronting Bank of any draft or the reimbursement by the Borrower thereof): (i) any lack of validity or enforceability of any Letter of Credit; (ii) the existence of any claim, set-off, defense or other right which the Borrower or any Guarantor may have at any time against a beneficiary of any Letter of Credit or against any of the Lenders, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction; (iii) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (iv) payment by a Fronting Bank of any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit; (v) any other circumstance or happening whatsoever, which is similar to any of the foregoing; or (vi) the fact that any Event of Default or event which upon notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing.

SECTION 2.06 **Making of Loans**.

(a) Except as contemplated by Section 2.11, Loans shall be either ABR Loans or Eurodollar Loans as the Borrower may request subject to and in accordance with this Section, provided, that all Loans made pursuant to the same Borrowing shall, unless otherwise specifically provided herein, be Loans of the same Type. Each Lender may fulfill its Tranche A Commitment or Tranche B Commitment with respect to any Eurodollar Loan or ABR Loan by causing any lending office of such Lender to make such Loan; provided, that any such use of a lending office shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. Each Lender shall, subject to its overall policy considerations, use reasonable efforts (but shall not be obligated) to select a lending office which will not result in the payment of increased costs by the Borrower pursuant to Section 2.15. Subject to the other provisions of this Section and the provisions of Section 2.12, Borrowings of Loans of more than one Type may be incurred at the same time, provided that no more than ten (10) Borrowings of Eurodollar Loans may be outstanding at any time.

(b) The Borrower shall give the Paying Agent prior notice of each Borrowing hereunder of at least three (3) Business Days for Eurodollar Loans and one (1) Business Day for ABR Loans (subject, in the case of ABR Loans, to the last sentence of this Section); such notice shall be irrevocable and shall specify the amount of the proposed Borrowing (which shall not be less than $5,000,000 (and integral multiples of $1,000,000) in the case of Eurodollar Loans and $1,000,000 (and integral multiples of $100,000) in the case of ABR Loans) and the date thereof (which shall be a Business Day) and shall contain disbursement instructions. Such notice, to be effective, must be received by the Paying Agent not later than 1:00 p.m., New York City time, on the third Business Day in the case of Eurodollar Loans and 12:00 noon, New York City time on the first Business Day in the case of ABR Loans, preceding the date on which such Borrowing is to be made except as provided in the last sentence of this Section 2.06(b). Such notice shall specify whether the Borrowing then being requested is to be a Borrowing of ABR Loans or Eurodollar Loans. If no election is made as to the Type of Loan, such notice shall be deemed a request for a Borrowing of ABR Loans. The Paying Agent shall promptly notify each Lender of its proportionate share of such Borrowing, the date of such Borrowing, the Type of Borrowing or Loans being requested and the Interest Period or Interest Periods applicable thereto, as appropriate. On the borrowing date specified in such notice, each Lender shall make its share of the Borrowing available at the office of the Paying Agent at 270 Park Avenue, New York, New York 10017, no later than 12:00 noon, New York City time, in immediately available funds. Upon receipt of the funds made available by the Lenders to fund any borrowing hereunder, the Paying Agent shall disburse such funds in the manner specified in the notice of borrowing delivered by the Borrower and shall use reasonable efforts to make the funds so received from the Lenders available to the Borrower no later than 2:00 p.m. New York City time (other than as provided in the following sentence). With respect to ABR Loans in an aggregate amount of $20,000,000 or less, the Lenders shall make such Borrowings available to the Paying Agent and the Paying Agent shall disburse such Borrowings in accordance with the Borrower's instructions consistent with this Agreement by 3:00 p.m.,

New York City time, on the same Business Day that the Borrower gives notice to the Paying Agent of such Borrowing by 10:00 a.m., New York City time.

SECTION 2.07 **Repayment of Loans; Evidence of Debt**.

(a) The Borrower hereby unconditionally promises to pay to the Paying Agent for the account of each Lender the then unpaid principal amount of the Tranche A Loans and the Tranche B Loan on the Termination Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Tranche A Loan or Tranche B Loan, as the case may be, made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Paying Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Paying Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, that the failure of any Lender or the Paying Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in a form furnished by the Paying Agent and reasonably acceptable to the Borrower. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.03) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.08 **Interest on Loans**.

(a) Subject to the provisions of Section 2.09, each ABR Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days or, when the Alternate Base Rate is based on the Prime Rate, a year with 365 days or 366 days in a leap year) at a rate per annum equal to the Alternate Base Rate plus 3.5%.

(b) Subject to the provisions of Section 2.09, each Eurodollar Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal, during each Interest Period applicable thereto, to the Adjusted LIBOR Rate for such Interest Period in effect for such Borrowing plus 4.5%.

(c) Accrued interest on all Loans shall be payable monthlyin arrears on each Interest Payment Date applicable thereto, on the Termination Date, after the Termination Date on demand and (with respect to Eurodollar Loans) upon any repayment or prepayment thereof (on the amount so repaid or prepaid).

SECTION 2.09 **Default Interest**. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the Borrower or such Guarantor, as the case may be, shall on demand from time to time pay interest, to the extent permitted by law, on all Loans and overdue amounts (after as well as before judgment) at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days or when the Alternate Base Rate is applicable and is based on the Prime Rate, a year with 365 days or 366 days in a leap year) equal to (x) in the case of Borrowings consisting of Eurodollar Loans, the Adjusted LIBOR Rate in effect for such Borrowing plus 6.5% and (y) in the case of all other amounts, the Alternate Base Rate plus 5.5%.

SECTION 2.10 **Optional Termination or Reduction of Commitment**. Upon at least two (2) Business Days' prior written notice to the Paying Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Unused Total Tranche A Commitment. Each such reduction of the Tranche A Commitment shall be in the principal amount of $5,000,000 or any integral multiple thereof. Simultaneously with each termination or reduction, the Borrower shall pay to the Paying Agent for the account of each Tranche A Lender the Commitment Fee accrued and unpaid on the amount of the Tranche A Commitment of such Tranche A Lender so terminated or reduced through the date thereof. Any such termination or reduction shall be applied to reduce the Tranche A Commitment of each Tranche A Lender, the Tranche B Commitment of each Tranche B Lender and the outstanding loans of the Bank One DIP Lenders under the Bank One DIP, in each case prorata in accordance with the Combined DIP Commitment Percentage of each Tranche A Lender, Tranche B Lender and Bank One DIP Lender, as applicable.

SECTION 2.11 **Alternate Rate of Interest**. In the event, and on each occasion, that on the day two (2) Business Days prior to the commencement of any Interest Period for a Eurodollar Loan, the Paying Agent shall have determined (which determination shall be conclusive and binding upon the Borrower absent manifest error) that reasonable means do not exist for ascertaining the applicable Adjusted LIBOR Rate, the Paying Agent shall, as soon as practicable thereafter, give written, facsimile or telegraphic notice of such determination to the Borrower and the Lenders, and any request by the Borrower for a Borrowing of Eurodollar Loans (including pursuant to a refinancing with Eurodollar Loans) pursuant to Section 2.06 or 2.12 shall be deemed a request for a Borrowing of ABR Loans. After such notice shall have been given and until the circumstances giving rise to such notice no longer exist, each request for a Borrowing of Eurodollar Loans shall be deemed to be a request for a Borrowing of ABR Loans.

SECTION 2.12 **Refinancing of Loans**. The Borrower shall have the right, at any time, on three (3) Business Days' prior irrevocable notice to the Paying Agent (which notice, to be effective, must be received by the Paying Agent not later than 1:00 p.m.,

New York City time, on the third Business Day preceding the date of any refinancing), (x) to refinance (without the satisfaction of the conditions set forth in Section 4 as a condition to such refinancing) any outstanding Borrowing or Borrowings of Loans of one Type (or a portion thereof) with a Borrowing of Loans of the other Type or (y) to continue an outstanding Borrowing of Eurodollar Loans for an additional Interest Period, subject to the following:

(a) as a condition to the refinancing of ABR Loans with Eurodollar Loans and to the continuation of Eurodollar Loans for an additional Interest Period, no Event of Default shall have occurred and be continuing at the time of such refinancing;

(b) if less than a full Borrowing of Loans shall be refinanced, such refinancing shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans comprising such Borrowing held by the Lenders immediately prior to such refinancing;

(c) the aggregate principal amount of Loans being refinanced shall be at least $5,000,000, provided, that no partial refinancing of a Borrowing of Eurodollar Loans shall result in the Eurodollar Loans remaining outstanding pursuant to such Borrowing being less than $10,000,000 in aggregate principal amount;

(d) each Lender shall effect each refinancing by applying the proceeds of its new Eurodollar Loan or ABR Loan, as the case may be, to its Loan being refinanced;

(e) the Interest Period with respect to a Borrowing of Eurodollar Loans effected by a refinancing or in respect to the Borrowing of Eurodollar Loans being continued as Eurodollar Loans shall commence on the date of refinancing or the expiration of the current Interest Period applicable to such continuing Borrowing, as the case may be;

(f) a Borrowing of Eurodollar Loans may be refinanced only on the last day of an Interest Period applicable thereto; and

(g) each request for a refinancing with a Borrowing of Eurodollar Loans which fails to state an applicable Interest Period shall be deemed to be a request for an Interest Period of one month.

In the event that the Borrower shall not give notice to refinance any Borrowing of Eurodollar Loans, or to continue such Borrowing as Eurodollar Loans, or shall not be entitled to refinance or continue such Borrowing as Eurodollar Loans, in each case as provided above, such Borrowing shall automatically be refinanced with a Borrowing of ABR Loans at the expiration of the then-current Interest Period. The Paying Agent shall, after it receives notice from the Borrower, promptly give each Lender notice of any refinancing, in whole or part, of any Loan made by such Lender.

SECTION 2.13 **Mandatory Prepayments; Commitment Termination; Cash Collateral**.

(a) If at any time the aggregate principal amount of the outstanding Loans plus the Letter of Credit Outstandings exceeds the lesser of (i) the Total Commitment minus the Tranche A Reserve and (ii) the Borrowing Base, the Borrower will, no later than the next Business Day, (x) prepay, first, the Tranche A Loans and, second, the Tranche B Loan in an amount necessary to cause the aggregate principal amount of the outstanding Loans plus the aggregate Letter of Credit Outstandings to be equal to or less than the Borrowing Base and (y) if, after giving effect to the prepayment in full of the Loans, the undrawn amount of outstanding Letter of Credit Outstandings in excess of the amount of cash held in the Letter of Credit Account exceeds the lesser of the Total Commitment and/or the Borrowing Base, as the case may be, deposit into the Letter of Credit Account an amount equal to 105% of the amount by which the aggregate Letter of Credit Outstandings in excess of the amount of cash held in the Letter of Credit Account so exceeds the Borrowing Base.

(b) (i) Upon the sale or other disposition of any property or assets of the Borrower or the Guarantors permitted pursuant to Section 6.11(ii), the Borrower shall apply (x) 100% of the Net Proceeds of any such sale or other disposition of aircraft included within the Borrowing Base at the time of such sale or other disposition to the prepayment of the Loans in accordance with Section 2.13(e) and (y) 100% of the cumulative Net Proceeds of such sales or other dispositions of property or assets (other than aircraft included within the Borrowing Base) in an aggregate amount in excess of (1) $200,000,000 in respect of such sales or other dispositions made during the period from the Closing Date through December 31, 2003 and (2) $300,000,000 in respect of such sales or other dispositions made during the term of this Agreement, to the prepayment of the Loans in accordance with Section 2.13(e).

(ii) Upon the sale or other disposition of any property or assets of the Borrower or the Guarantors permitted pursuant to Section 6.11(v), the Borrower shall apply 100% of the Net Proceeds of such sales or other dispositions to the prepayment of the Loans in accordance with Section 2.13(e), provided that such prepayments shall be made each time the cumulative Net Proceeds of such sales or other dispositions not theretofore so applied is equal to $1,000,000.

(c) Upon an Event of Loss concerning an Airframe (each as defined in the Aircraft Mortgage), the Borrower shall deposit 100% of all net cash proceeds of any insurance claim, indemnity payments or other amounts received therefrom immediately upon receipt thereof by the Borrower or any Guarantor into an account that is maintained with the Paying Agent which the Borrower may use to replace such Airframe in accordance with the requirements of the Aircraft Mortgage, provided that upon the occurrence of an Event of Default prior to the use of such deposit for such purpose, such deposit may be applied by the Paying Agent to the prepayment of the Loans.

(d) Upon an Event of Loss concerning an Engine, Spare Engine or Spare Parts (each as defined in the Aircraft Mortgage), the Borrower shall prepay an aggregate principal amount of the Loans equal to 100% of the net cash proceeds of any insurance claim, indemnity payments or other amounts received by the Borrower or any Guarantor in accordance with Section 2.13(e), provided that prior to the occurrence of an Event of Default, or an event which upon notice or lapse of time or both would constitute an

Event of Default, if such party has (x) within 30 days after the occurrence of such Event of Loss, determined to apply such net cash proceeds to replace such Engine, and (y) as soon as commercially reasonable and in any event within 120 days after the occurrence of such Event of Loss, has so applied such net cash proceeds or has entered into a binding contractual arrangement for such application, the amount of net cash proceeds necessary to replace such Engine need not be prepaid hereunder, provided that the replacement Engine shall be reasonably satisfactory to the Appraisers.

(e) Each prepayment of Loans pursuant to paragraphs (b), (c) or (d) of this Section 2.13 shall be applied to the Loans, prorata based on the Total Commitment Percentages of the Tranche A Lenders and the Tranche B Lenders. Upon any such prepayment, the Total Tranche A Commitment and the Total Tranche B Commitment shall be automatically and permanently reduced in an amount equal to the amount so prepaid.

(f) Upon the Termination Date, the Total Commitment shall be terminated in full and the Borrower shall pay the Loans in full (plus any accrued but unpaid interest thereon, unpaid Fees and all other Obligations hereunder) and, except as the Agent may otherwise agree in writing, if any Letter of Credit remains outstanding, deposit into the Letter of Credit Account an amount equal to 105% of the amount by which the Letter of Credit Outstandings exceeds the amount of cash held in the Letter of Credit Account, such cash to be remitted to the Borrower upon the expiration, cancellation, satisfaction or other termination of such reimbursement obligations, or otherwise comply with Section 2.03(b).

SECTION 2.14 **Optional Prepayment of Loans; Reimbursement of Lenders**.

(a) The Borrower shall have the right at any time and from time to time to prepay any Loans, in whole or in part, (x) with respect to Eurodollar Loans, upon at least (3) three Business Days' prior written or facsimile notice to the Paying Agent and (y) with respect to ABR Loans on the same Business Day if written or facsimile notice is received by the Paying Agent prior to 12:00 noon, New York City time, and thereafter upon at least one (1) Business Day's prior written or facsimile notice to the Paying Agent; provided, that (i) each such partial prepayment shall be in integral multiples of $1,000,000, (ii) no prepayment of Eurodollar Loans shall be permitted pursuant to this Section 2.14(a) other than on the last day of an Interest Period applicable thereto unless such prepayment is accompanied by the payment of the amounts described in clause (i) of the first sentence of Section 2.14(b), and (iii) no partial prepayment of a Borrowing of Eurodollar Loans shall result in the aggregate principal amount of the Eurodollar Loans remaining outstanding pursuant to such Borrowing being less than $10,000,000; provided, further, that any optional prepayment of the Tranche B Loan shall be made on a basis that is pro rata with, the Tranche A Loans (upon any such prepayment, the Total Tranche A Commitments shall be automatically and permanently reduced in an amount equal to such Tranche A Loan prepayment) and the loans outstanding under the Bank One DIP (in accordance with the terms thereof), prorata in accordance with the Combined DIP Commitment Percentages of the Tranche A Lenders, the Tranche B Lenders and the Bank One DIP Lenders, it being understood that the Borrower may voluntarily prepay the Tranche A Loans from time to time without permanently reducing the Tranche A Commitments or prepaying the Tranche B Loan or the loans outstanding under the Bank One DIP. Each notice of prepayment shall specify the prepayment date, the principal amount of the Loans to be prepaid and in the case of Eurodollar Loans, the Borrowing or Borrowings pursuant to which prepayment is to be made, shall be irrevocable and shall commit the Borrower to prepay such Loan by the amount and on the date stated therein. The Paying Agent shall, promptly after receiving notice from the Borrower hereunder, notify each Lender of the principal amount of the Loans held by such Lender which are to be prepaid, the prepayment date and the manner of application of the prepayment.

(b) The Borrower shall reimburse each Lender, promptly upon written demand therefor together with backup documentation reasonably supporting such reimbursement request, for any loss incurred or to be incurred by it in the reemployment of the funds released (i) resulting from any prepayment (for any reason whatsoever, including, without limitation, by acceleration, or by refinancing with ABR Loans) of any Eurodollar Loan required or permitted under this Agreement, if such Loan is prepaid other than on the last day of the Interest Period for such Loan (including, without limitation, any such prepayment in connection with the syndication of the credit facility evidenced by this Agreement) or (ii) in the event that after the Borrower delivers a notice of borrowing under Section 2.06 in respect of Eurodollar Loans, such Loans are not made on the first day of the Interest Period specified in such notice of borrowing for any reason other than a breach by such Lender of its obligations hereunder. Such loss shall be the amount as reasonably determined by such Lender as the excess, if any, of (A) the amount of interest which would have accrued to such Lender on the amount so paid or not borrowed at a rate of interest equal to the Adjusted LIBOR Rate for such Loan, for the period from the date of such payment or failure to borrow to the last day (x) in the case of a payment or refinancing with ABR Loans other than on the last day of the Interest Period for such Loan, of the then current Interest Period for such Loan, or (y) in the case of such failure to borrow, of the Interest Period for such Loan which would have commenced on the date of such failure to borrow, over (B) the amount of interest which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the London interbank market. Upon request, each Lender shall deliver to the Borrower from time to time one or more certificates setting forth the amount of such loss as determined by such Lender, which certificate shall be conclusive as to the matters stated therein.

(c) In the event the Borrower fails to prepay any Loan on the date specified in any prepayment notice delivered pursuant to Section 2.14(a), the Borrower promptly upon written demand by any Lender shall pay to the Paying Agent for the account of such Lender any amounts required to compensate such Lender for any loss incurred by such Lender as a result of such failure to prepay, including, without limitation, any loss, cost or expenses incurred by reason of the acquisition of deposits or other funds by such Lender to fulfill deposit obligations incurred in anticipation of such prepayment, but without duplication of any amounts paid under Section 2.14(b). Each Lender shall deliver to the Borrower from time to time one or more certificates setting forth the amount of such loss as determined by such Lender.

(d) Any partial prepayment of the Loans by the Borrower pursuant to Sections 2.13 or 2.14 shall be applied as specified by the Borrower or, in the absence of such specification, as provided for in Section 8.02(b), provided, that in the latter case no Eurodollar Loans shall be prepaid pursuant to Section 2.13 to the extent that such Loan has an Interest Period ending after the required

date of prepayment unless and until all outstanding ABR Loans and Eurodollar Loans with Interest Periods ending on such date have been repaid in full.

(e) The obligations of the Borrower and the Guarantors under this Section shall survive the termination of this Agreement and/or the payment of the Loans.

SECTION 2.15 **Reserve Requirements; Change in Circumstances**.

(a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurodollar Loan made by such Lender or any fees or other amounts payable hereunder (other than changes in respect of Taxes, Other Taxes and taxes imposed on, or measured by, the net income or overall gross receipts or franchise taxes of such Lender by the national jurisdiction in which such Lender has its principal office or in which the applicable lending office for such Eurodollar Loan is located or by any political subdivision or taxing authority therein, or by any other jurisdiction or by any political subdivision or taxing authority therein other than a jurisdiction in which such Lender would not be subject to tax but for the execution and performance of this Agreement), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Lender (except any such reserve requirement which is reflected in the Adjusted LIBOR Rate) or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or the Eurodollar Loans made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), in each case, by an amount deemed by such Lender to be material, then the Borrower will pay to such Lender in accordance with paragraph (c) below such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender shall have determined that the adoption or effectiveness after the date hereof of any law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Loans made by such Lender pursuant hereto, such Lender's Tranche A Commitment or Tranche B Commitment hereunder, as the case may be, or the issuance of, or participation in, any Letter of Credit by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such adoption, change or compliance (taking into account Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), in each case, by an amount deemed by such Lender to be material (except to the extent that such amount is reflected in the Adjusted LIBOR Rate), then from time to time the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of each Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or its holding company as specified in paragraph (a) or (b) above, as the case may be, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay each Lender the amount shown as due on any such certificate delivered to it within 10 days after its receipt of the same. Any Lender receiving any such payment shall promptly make a refund thereof to the Borrower if the law, regulation, guideline or change in circumstances giving rise to such payment is subsequently deemed or held to be invalid or inapplicable.

(d) Failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period, provided, that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrower of the circumstance giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

(e) The obligations of the Borrower and the Guarantors under this Section shall survive the termination of this Agreement and/or the payment of the Loans.

SECTION 2.16 **Change in Legality**.

(a) Notwithstanding anything to the contrary contained elsewhere in this Agreement, if (x) any change after the date of this Agreement in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration thereof shall make it unlawful for a Lender to make or maintain a Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to a Eurodollar Loan or (y) at any time any Lender reasonably determines that the making or continuance of any of its Eurodollar Loans has become impracticable as a result of a contingency occurring after the date hereof which adversely affects the London interbank market or the position of such Lender in such market, then, by written notice to the Borrower, such Lender may (i) declare that Eurodollar Loans will not thereafter be made by such Lender hereunder, whereupon any request by the Borrower for a Eurodollar Borrowing shall, as to such Lender only, be deemed a request for an ABR Loan unless such declaration shall be subsequently withdrawn; and (ii) require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below. In the event any Lender shall exercise its rights under clause (i) or (ii) of this paragraph (a), all

payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section 2.16, a notice to the Borrower by any Lender pursuant to paragraph (a) above shall be effective, if lawful, and if any Eurodollar Loans shall then be outstanding, on the last day of the then-current Interest Period, otherwise, such notice shall be effective on the date of receipt by the Borrower.

SECTION 2.17 **Pro Rata Treatment, etc**. Except in the case of repayments of Tranche A Loans that are not accompanied by a reduction of the Unused Total Tranche A Commitment, all payments and repayments of principal and interest in respect of the Tranche A Loans or Tranche B Loans (except as provided in Sections 2.15 and 2.16) shall be made pro rata among the Tranche A Lenders or Tranche B Lenders (as applicable) in accordance with the then outstanding principal amount of such Loans and/or participations in Letter of Credit Outstandings hereunder and all payments of Commitment Fees and Letter of Credit Fees (other than those payable to a Fronting Bank) shall be made pro rata among the Tranche A Lenders in accordance with each Tranche A Lender's Tranche A Commitment Percentage. All payments by the Borrower hereunder shall be (i) net of any tax applicable to the Borrower or Guarantor and (ii) made in Dollars in immediately available funds at the office of the Paying Agent by 12:00 noon, New York City time, on the date on which such payment shall be due. Interest in respect of any Loan hereunder shall accrue from and including the date of such Loan to but excluding the date on which such Loan is paid in full or converted to a Loan of a different Type.

SECTION 2.18 **Taxes**. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of, and without deduction for, any Indemnified Taxes or Other Taxes; provided, that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Paying Agent, Lender or Fronting Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower will indemnify the Paying Agent, each Lender and the Fronting Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Paying Agent, such Lender or the Fronting Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to any amount payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Fronting Bank, on its own behalf or on behalf of the Paying Agent, a Lender or the Fronting Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Paying Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Paying Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Paying Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) The obligations of the Borrower and the Guarantors under this Section shall survive the termination of this Agreement and/or the payment of the Loans.

SECTION 2.19 **Certain Fees**. The Borrower shall pay to the Paying Agent, for the respective accounts of JPMorgan Chase, CUSA, Bank One and CIT Group (and each of their respective banking Affiliates), the respective fees that were approved by the Bankruptcy Court pursuant to the Interim Order entered on December 9, 2002.

SECTION 2.20 **Commitment Fee**. The Borrower shall pay to the Tranche A Lenders a commitment fee (the "Commitment Fee") for the period commencing on the Closing Date to the Termination Date or the earlier date of termination of the Total Tranche A Commitment, computed (on the basis of the actual number of days elapsed over a year of 360 days) at the rate of (i) one percent (1%) per annum on the average daily Unused Total Tranche A Commitment at all times during which the average daily Tranche A Total Commitment Usage is less than or equal to $33^{1}/_{3}\%$ of the average daily Total Tranche A Commitment, (ii) three-quarters of one percent (.75%) per annum on the average daily Unused Total Tranche A Commitment at all times during which the average daily Tranche A Total Commitment Usage is more than $33^{1}/_{3}\%$ but less than or equal to $66^{2}/_{3}\%$ of the average daily Total Tranche A Commitment and (iii) one-half of one percent (.50%) per annum on the average daily Unused Total Tranche A Commitment at all times during which the average daily Tranche A Total Commitment Usage is more than $66^{2}/_{3}\%$ of the average daily Total Tranche A Commitment. Such Commitment Fee, to the extent then accrued, shall be payable (x) monthly, in arrears, on the last calendar day of each month, (y) on the Termination Date and (z) as provided in Section 2.10 hereof, upon any reduction or termination in whole or in part of the Total Tranche A Commitment.

SECTION 2.21 **Letter of Credit Fees**. The Borrower shall pay with respect to each Letter of Credit (i) to the Paying Agent on behalf of the Tranche A Lenders a fee calculated (on the basis of the actual number of days elapsed over a year of 360 days) at the rate of four and one-half percent (4.5%) per annum on the daily average Letter of Credit Outstandings and (ii) to the Fronting Bank such Fronting Bank's customary fees for issuance, amendments and processing referred to in Section 2.03. In addition, the Borrower agrees to pay each Fronting Bank for its account a fronting fee of one quarter of one percent (¼%) per annum in respect of each Letter of Credit issued by such Fronting Bank, for the period from and including the date of issuance of such Letter of Credit to and including the date of termination of such Letter of Credit, and payable at times by such Fronting Bank, the Borrower and the Paying Agent. Accrued fees described in clause (i) of the first sentence of this paragraph in respect of each Letter of Credit shall be due and payable monthly in arrears on the last calendar day of each month and on the Termination Date. Accrued fees described in clause (ii) of the first sentence of this paragraph in respect of each Letter of Credit shall be payable at times to be determined by the Fronting Bank, the Borrower and the Paying Agent.

SECTION 2.22 **Nature of Fees**. All Fees shall be paid on the dates due, in immediately available funds, to the Paying Agent for the respective accounts of the Paying Agent and the Lenders, as provided herein and approved in the Interim Order. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.23 **Priority and Liens**.

(a) The Borrower and each of the Guarantors hereby covenants, represents and warrants that, upon entry of the Interim Order, the Obligations of the Borrower and the Guarantors hereunder and under the Loan Documents and in respect of Indebtedness arising after the Filing Date owed to any Lender (or its banking Affiliates) permitted by Section 6.03(viii): (i) pursuant to Section 364(c)(1) of the Bankruptcy Code, shall at all times constitute joint and several allowed administrative expense claims in the Cases having priority over all administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code pari passu only with the superpriority claim granted in connection with the Bank One DIP; (ii) pursuant to Section 364(c)(2) of the Bankruptcy Code, shall at all times be secured by a perfected first priority Lien on all tangible and intangible property of the Borrower's and the Guarantors' respective estates in the Cases that is not subject to valid, perfected and non-avoidable liens in existence as of the Filing Date, including, without limitation, unencumbered aircraft, spare engines, spare parts inventory, accounts receivable, general intangibles (including, without limitation, all rights to receive the equity value of property subject to Liens referred to in Section 6.01(i) and Permitted Liens after the payment in full of the Indebtedness secured by such Liens), Routes, Slots, QEC Kits, Flight Simulators, Supporting Route Facilities, Gate Leaseholds, Foreign Slots (to the extent that the grant of a Lien on such Supporting Route Facilities, Gate Leaseholds and/or Foreign Slots is permitted by applicable law, it being understood that in any event the Lien described in this clause shall extend to the proceeds of any disposition of any such Supporting Route Facilities, Gate Leaseholds and/or Foreign Slots), trademarks, tradenames, inventory, leasehold interests (including, without limitation, leasehold interests in hangars and parts depots) and other property, plant and equipment of, and debt and equity investments by, the Borrower and the Guarantors, and on all cash maintained in the Letter of Credit Account and any direct investments of the funds contained therein (excluding (v) the Avoidance Actions (it being understood that, notwithstanding such exclusion, the proceeds of such actions shall be available to repay the Obligations), (w) the Escrow Accounts (it being understood that, notwithstanding such exclusion, the Borrower's and any applicable Guarantor's rights to receive any excess funds remaining in the Escrow Accounts following the payment in full of the taxes, fees and charges payable from such Escrow Accounts shall be subject to the first priority Lien described in this clause), (x) the Section 1110 Assets, (y) the Bank One Collateral and (z) interests of the Borrower and any Guarantor in the joint ventures set forth on Schedule A (but only to the extent that applicable law does not permit an assignment of such interests, it being understood that in any event the Lien described in this clause shall extend to the proceeds of any disposition of any such joint venture interests and all distributions thereon), and (iii) pursuant to Section 364(c)(3) of the Bankruptcy Code, shall be secured by a perfected Lien upon all tangible and intangible property of the Borrower and the Guarantors' respective estates in the Cases that is subject to valid, perfected and non-avoidable Liens in existence on the Filing Date, to valid Liens in existence on the Filing Date that are perfected subsequent to the Filing Date as permitted by Section 546(b) of the Bankruptcy Code (other than the Section 1110 Assets), to the liens granted to Bank One in the Bank One Collateral or to Permitted Liens, junior to such valid and perfected Liens, subject only to (x) in the event of the occurrence and during the continuance of an Event of Default, the payment of allowed and unpaid professional fees and disbursements incurred or accrued by the Borrower, the Guarantors and any statutory committees appointed in the Cases in an aggregate amount not in excess of $35,000,000 (plus all unpaid professional fees and disbursements accrued or incurred prior to the occurrence of an Event of Default and reflected on the most recent Borrowing Base Certificate, or otherwise reported in writing to the Agents, to the extent allowed by the Bankruptcy Court at any time) and (y) the payment of unpaid fees pursuant to 28 U.S.C. § 1930 and to the Clerk of the Bankruptcy Court ((x) and (y) collectively, the "Carve-Out"), provided, that, no portion of the Carve-Out shall be utilized to fund prosecution or assertion of any claims against the Agents, the Lenders, the Paying Agent, the Collateral Agent or Fronting Bank (it being understood that, in the event of the liquidation of the Borrower's and the Guarantors' estates the amount of the Carve-Out shall be funded into a segregated account prior to the making of the distributions). The Lenders agree that so long as no Event of Default shall have occurred and be continuing, the Borrower and the Guarantors shall be permitted to pay compensation and reimbursement of fees and expenses allowed and payable under 11 U.S.C. §§ 321, 330 and 331, as the same may be due and payable, and the same shall not reduce the Carve-Out.

(b) Subject to the priorities set forth in subsection (a) above and to the Carve-Out, as to all real property the title to which is held by the Borrower or any of the Guarantors, or the possession of which is held by the Borrower or any of the Guarantors pursuant to leasehold interest, the Borrower and each Guarantor hereby assigns and conveys as security, grants a security interest in, hypothecates, mortgages, pledges and sets over unto the Collateral Agent on behalf of the Lenders all of the right, title and interest of the Borrower and such Guarantor in all of such owned real property and in all such leasehold interests, together in each case with all of the right, title and interest of the Borrower and such Guarantor in and to all buildings, improvements, and fixtures related thereto, any lease or sublease thereof, all general intangibles relating thereto and all proceeds thereof. The Borrower and each Guarantor acknowledges that, pursuant to the Orders, the Liens in favor of the Collateral Agent on behalf of the Lenders in all of such real property and leasehold instruments (limited, in the case of leasehold interests, to the proceeds received upon any sale, disposition or termination thereof) shall be perfected without the recordation of any instruments of mortgage or assignment. The Borrower and each

Guarantor further agrees that, upon the request of either Agent (in consultation with the other Agent), the Borrower and such Guarantor shall enter into separate fee or leasehold mortgages in recordable form with respect to such properties on terms reasonably satisfactory to the Agents.

SECTION 2.24 **Right of Set-Off**. Subject to the provisions of Section 7.01, upon the occurrence and during the continuance of any Event of Default, the Agents and each Lender are hereby authorized at any time and from time to time, to the fullest extent permitted by law and without further order of or application to the Bankruptcy Court, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Agents and each such Lender (or any of its banking Affiliates) to or for the credit or the account of the Borrower or any Guarantor (other than deposits maintained in Escrow Accounts, other trust accounts, if any, payroll accounts, if any, and deposits in the cash collateral account securing the Bank One DIP) against any and all of the obligations of such Borrower or Guarantor now or hereafter existing under the Loan Documents, irrespective of whether or not such Lender shall have made any demand under any Loan Document and although such obligations may not have been accelerated. Each Lender and the Agents agree promptly to notify the Borrower and Guarantors after any such set-off and application made by such Lender or by the Agents, as the case may be, provided, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and the Agents under this Section are in addition to other rights and remedies which such Lender and the Agent may have upon the occurrence and during the continuance of any Event of Default.

SECTION 2.25 **Security Interest in Letter of Credit Account**. Pursuant to Section 364(c)(2) of the Bankruptcy Code, the Borrower and the Guarantors hereby assign and pledge to the Collateral Agent, for its benefit and for the ratable benefit of the Lenders, and hereby grant to the Collateral Agent, for its benefit and for the ratable benefit of the Lenders, a first priority security interest, senior to all other Liens, if any, in all of the Borrower's and the Guarantors' right, title and interest in and to the Letter of Credit Account and any direct investment of the funds contained therein. Cash held in the Letter of Credit Account shall not be available for use by the Borrower, whether pursuant to Section 363 of the Bankruptcy Code or otherwise and shall be released to the Borrower as described in clause (ii)(y) of Section 2.03(b).

SECTION 2.26 **Payment of Obligations**. Subject to the provisions of Section 7.01, upon the Termination Date, the Lenders shall be entitled to immediate payment of such Obligations without further application to or order of the Bankruptcy Court.

SECTION 2.27 **No Discharge; Survival of Claims**. Each of the Borrower and the Guarantors agrees that (i) its obligations hereunder shall not be discharged by the entry of an order confirming a Reorganization Plan (and each of the Borrower and the Guarantors, pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waives any such discharge) and (ii) the Superpriority Claim granted to the Agents and the Lenders pursuant to the Orders and described in Section 2.23 and the Liens granted to the Agents pursuant to the Orders and described in Sections 2.23 and 2.25 shall not be affected in any manner by the entry of an order confirming a Reorganization Plan.

SECTION 3. REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to make Loans and issue and/or participate in Letters of Credit hereunder, the Borrower and each of the Guarantors jointly and severally represent and warrant as follows:

SECTION 3.01 **Organization and Authority**. Each of the Borrower and the Guarantors (i) is duly organized and validly existing under the laws of the State of its organization and is duly qualified as a foreign organization and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on the financial condition, operations, business, properties, assets or prospects of the Borrower and the Guarantors taken as a whole; (ii) subject to the entry by the Bankruptcy Court of the Interim Order (or the Final Order, when applicable) has the requisite corporate power and authority to effect the transactions contemplated hereby, and by the other Loan Documents to which it is a party, and (iii) subject to the entry by the Bankruptcy Court of the Interim Order (or the Final Order, when applicable) has all requisite organizational power and authority and, upon the entry of the Interim Order (or the Final Order, when applicable) the legal right to own, pledge, mortgage and operate its properties, and to conduct its business as now or currently proposed to be conducted.

SECTION 3.02 **Air Carrier Status**. (a) The Borrower is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. The Borrower holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. The Borrower and the Parent are each a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies (a "United States Citizen"). The Borrower possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions and consents which are material to the operation of the routes flown by it and the conduct of its business and operations as currently conducted.

(b) No Guarantor is (or will become) an "air carrier" within the meaning of Section 40102(a)(2) of Title 49, and no Guarantor holds (or will hold) a certificate under Section 41102 of Title 49.

SECTION 3.03 **Due Execution; No Consents**. Upon the entry by the Bankruptcy Court of the Interim Order (or the Final Order, when applicable), the execution, delivery and performance by each of the Borrower and the Guarantors of each of the Loan Documents to which it is a party (i) are within the respective organizational powers of each of the Borrower and the Guarantors, have been duly authorized by all necessary organizational action including the consent of equity holders where required, and do not (A) contravene the charter or by-laws or other constituent documents of any of the Borrower or the Guarantors, (B) violate any law (including, without limitation, the Securities Exchange Act of 1934) or regulation (including, without limitation, Regulations T, U or X of the Board of Governors of the Federal Reserve System), or any order or decree of any court or Governmental Authority, (C) conflict with or result in a breach of, or constitute a default under, any material indenture, mortgage or deed of trust entered into after the Filing

Date or any material lease, agreement or other instrument entered into after the Filing Date binding on the Borrower or the Guarantors or any of their properties, or (D) result in or require the creation or imposition of any Lien upon any of the property of any of the Borrower or the Guarantors other than the Liens granted pursuant to this Agreement, the other Loan Documents or the Orders; and (ii) do not require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority other than the entry of the Orders, the filing of financing statements under the New York Uniform Commercial Code and the filings contemplated by the Collateral Documents. This Agreement has been duly executed and delivered by each of the Borrower and the Guarantors. This Agreement is, and each of the other Loan Documents to which the Borrower and each of the Guarantors is or will be a party, when delivered hereunder or thereunder, will be, a legal, valid and binding obligation of the Borrower and each Guarantor, as the case may be, enforceable against the Borrower and the Guarantors, as the case may be, in accordance with its terms and the Orders.

SECTION 3.04 **Statements Made**. The information that has been delivered in writing by the Borrower or any of the Guarantors to the Initial Lenders or to the Bankruptcy Court in connection with any Loan Document, and any financial statement delivered pursuant hereto or thereto (other than to the extent that any such statements constitute projections), taken as a whole and in light of the circumstances in which made, contains no untrue statement of a material fact and does not omit to state a material fact necessary to make such statements not misleading; and, to the extent that any such information constitutes projections, such projections were prepared in good faith on the basis of assumptions, methods, data, tests and information believed by the Borrower or such Guarantor to be reasonable at the time such projections were furnished (it being understood that projections by their nature are inherently uncertain, that no assurances can be given that projections will be realized and that actual results may in fact differ materially from any projections provided to the Initial Lenders).

SECTION 3.05 **Financial Statements**. The Borrower has furnished the Lenders with copies of the audited consolidated financial statement and schedules of the Parent and its Subsidiaries for the fiscal year ended December 31, 2001 and the unaudited consolidated financial statements for the Parent and its Subsidiaries for the fiscal quarter ended September 30, 2002. Such financial statements present fairly in all material respects the financial condition and results of operations of the Parent and its Subsidiaries on a consolidated basis as of such dates and for such periods; such balance sheets and the notes thereto disclose all liabilities, direct or contingent, of the Parent and its Subsidiaries as of the dates thereof required to be disclosed by GAAP and such financial statements were prepared in a manner consistent with GAAP. No material adverse change in the operations, business, properties, assets, prospects or condition (financial or otherwise) of the Parent and its Subsidiaries, taken as a whole, has occurred from the date set forth in the Parent's and its Subsidiaries' financial statements for the fiscal year ended December 31, 2001 and the fiscal quarter ended September 30, 2002 other than those occurring as a result of events leading up to and following the commencement of a proceeding under Chapter 11 of the Bankruptcy Code and the commencement of the Cases.

SECTION 3.06 **Ownership**. Except for changes in ownership permitted by this Agreement, the Borrower is a direct wholly-owned Subsidiary of the Parent and the Parent owns no other Subsidiaries, whether directly or indirectly, other than the Borrower, the Guarantors (other than the Parent) and other than as listed on Schedule 3.06 (which shall be updated, on a quarterly basis, to reflect changes in ownership permitted by this Agreement). Other than as set forth on Schedule 3.06, (i) each of the Persons listed on Schedule 3.06 is a wholly-owned, direct or indirect Subsidiary of the Borrower, and (ii) the Borrower owns no other Subsidiaries, whether directly or indirectly.

SECTION 3.07 **Liens**. Except for the Liens existing on the Filing Date as reflected on Schedule 3.07, there are no Liens of any nature whatsoever on any assets of the Borrower or any of the Guarantors other than: (i) Permitted Liens; (ii) other Liens permitted pursuant to Section 6.01; and (iii) Liens in favor of the Collateral Agent and the Lenders. Neither the Borrower nor the Guarantors are parties to any contract, agreement, lease or instrument the performance of which, either unconditionally or upon the happening of an event, will result in or require the creation of a Lien on any assets of the Borrower or any Guarantor or otherwise result in a violation of this Agreement other than (x) the Liens granted to the Collateral Agent and the Lenders as provided for in this Agreement, (y) the Liens granted to Bank One and the Bank One DIP Lenders as provided for in the Bank One DIP and (z) to the extent that the terms of any mortgage or security agreement in effect on the Filing Date extends any Lien over an airframe or engine for parts which are subsequently installed on such airframe or engine (to the extent permitted by law).

SECTION 3.08 **Compliance with Laws**.

(a) Except for matters which could not reasonably be expected to have a material adverse effect on the financial condition, operations, business, properties, assets or prospects of the Borrower and the Guarantors taken as a whole (i) the operations of the Borrower and the Guarantors comply in all material respects with all applicable aviation, transportation, environmental, health and safety statutes and regulations, including, without limitation, regulations promulgated under the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.) and foreign aviation laws and regulations; (ii) to the Borrower's and each of the Guarantor's knowledge, none of the operations of the Borrower or the Guarantors is the subject of any Federal or state investigation evaluating whether any remedial action involving a material expenditure by the Borrower or any Guarantor is needed to respond to a release of any Hazardous Waste or Hazardous Substance (as such terms are defined in any applicable state or Federal environmental law or regulations) into the environment; and (iii) to the Borrower's and each of the Guarantor's knowledge, the Borrower and the Guarantors do not have any material contingent liability in connection with any release of any Hazardous Waste or Hazardous Substance into the environment.

(b) Neither the Borrower nor any Guarantor is, to the best of its knowledge, in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority or Foreign Aviation Authorities the violation of which, or a default with respect to which, would have a material adverse effect on the financial condition, operations, business, properties, assets or prospects of the Borrower and the Guarantors taken as a whole.

SECTION 3.09 **Insurance**. All policies of insurance of any kind or nature owned by or issued to the Borrower and the Guarantors, including, without limitation, policies of life, fire, theft, product liability, public liability, property damage, other casualty,

employee fidelity, workers' compensation, employee health and welfare, title, property and liability insurance, are in full force and effect and are of a nature and provide such coverage, including, without limitation, war risk and terrorism liability insurance, that is in an amount that is no less than the greater of (i) the maximum amount available to the Borrower and the Guarantors from the DOT under the Federal Aviation Insurance Program, as amended by the Air Transportation Safety and Stabilization Act and further amended by the Homeland Security Act of 2002 and the maximum (to the extent requested by the Agents) amount available under programs established pursuant to the Terrorism Risk Insurance Act of 2002 and (ii) such amount as is customarily carried by major United States air carriers in the United States domestic airline industry; and the Borrower and the Guarantors maintain other insurance that is sufficient and in such amounts as is customary in the United States domestic airline industry for major United States air carriers.

SECTION 3.10 **Use of Proceeds**. The proceeds of the Loans and Letters of Credit shall be used for working capital and for other general corporate purposes of the Borrower and the Guarantors (including for the payment of fees and transaction costs as contemplated hereby and as referred to in Section 2.19). Such proceeds may not be used in connection with the investigation (including discovery proceedings), initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the Lenders, the Agent or the Collateral Agent in their capacities as such.

SECTION 3.11 **Litigation**. Other than as set forth on Schedule 3.11, there are no unstayed actions, suits, proceedings or investigations pending or, to the knowledge of the Borrower or the Guarantors, threatened against or affecting the Borrower or the Guarantors or any of their respective properties, before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which is reasonably likely to be determined adversely to the Borrower or the Guarantors and, if so determined adversely to the Borrower or the Guarantors would have a material adverse effect on the financial condition, business, properties, prospects, operations or assets of the Borrower and the Guarantors, taken as a whole.

SECTION 3.12 **Slot Utilization**. The Borrower is utilizing the Slots in a manner consistent with applicable regulations and contracts in order to preserve both its right to hold and operate the Slots, taking into account any waivers or other relief granted to the Borrower by the FAA. The Borrower has not received any notice from the FAA, and is not aware of any other event or circumstance, that would be reasonably likely to impair its right to hold and operate the Slots in any material respect.

SECTION 3.13 **Primary Foreign Slot Utilization**. The Borrower is utilizing the Primary Foreign Slots in a manner consistent with applicable regulations, foreign laws and contracts in order to preserve its right to hold and operate the Primary Foreign Slots. The Borrower has not received any notice from any applicable Foreign Aviation Authorities, nor is the Borrower aware of any other event or circumstance, that would be reasonably likely to impair its right to hold and operate any Primary Foreign Slots in any material respect.

SECTION 3.14 **Primary Route Utilization**. The Borrower holds the requisite authority to operate over each of the Primary Routes pursuant to Title 49, all rules and regulations promulgated thereunder, applicable foreign law, and the applicable rules and regulations of the FAA, the DOT and any applicable Foreign Aviation Authorities, and has, at all times after being awarded each such Primary Route, complied in all material respects with all of the terms, conditions and limitations of each such certificate or order issued by the DOT and the applicable Foreign Aviation Authorities regarding such Primary Route and with all applicable provisions of Title 49 or applicable foreign law. There exists no violation of such terms, conditions or limitations that gives the FAA, DOT or any applicable Foreign Aviation Authorities the right to terminate, cancel, withdraw or modify in any material adverse respect the rights of the Borrower in any such Primary Route.

SECTION 3.15 **Non-Primary Route Utilization**. The Borrower holds the requisite authority to operate over each of the Non-Primary Routes pursuant to Title 49, all rules and regulations promulgated thereunder, and the applicable rules and regulations of the DOT and FAA. To the best of the Borrower's knowledge, there exists no violation of such terms, conditions or limitations that gives the FAA, DOT or any applicable Foreign Aviation Authorities the right to terminate, cancel, withdraw or modify in any material adverse respect the rights of the Borrower in any such Non-Primary Route over which the Borrower currently operates.

SECTION 3.16 **Margin Regulations; Investment Company Act**.

(a) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board), or extending credit for the purpose of purchasing or carrying margin stock and no proceeds of any Loans or proceeds from any Letter of Credit will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(b) Neither the Borrower nor any Guarantor is or is required to be registered as an "investment company" under the Investment Company Act of 1940. Neither the making of any Loan, nor the issuance of any Letters of Credit, nor the application of the proceeds or repayment thereof by the Borrower, nor the consummation of the other transactions contemplated by the Loan Documents, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

SECTION 3.17 **Ownership Interest in Slots, Routes and Gates**. No Guarantor has (or will have) any right, title or interest in any of the Slots, Foreign Slots, Routes, Supporting Route Facilities or Gate Leaseholds.

SECTION 4. CONDITIONS OF LENDING

SECTION 4.01 **Conditions Precedent to Initial Loans and Initial Letters of Credit**. The obligation of the Lenders to make the initial Loans or the Fronting Bank to issue the initial Letter of Credit, whichever may occur first, is subject to the satisfaction (or waiver by the Initial Lenders) of the following conditions precedent:

(a) Supporting Documents. The Agents shall have received for each of the Borrower and the Guarantors:

(i) a copy of such entity's certificate of incorporation, as amended, certified as of a recent date by the Secretary of State of the state of its incorporation;

(ii) a certificate of such Secretary of State, dated as of a recent date, as to the good standing of and payment of taxes by that entity and as to the charter documents on file in the office of such Secretary of State (provided that such good standing certificate for iTarget.com, Inc. shall be delivered to the Agents within 30 days of the Closing Date); and

(iii) a certificate of the Secretary or an Assistant Secretary of that entity dated the date of the initial Loans or the initial Letter of Credit hereunder, whichever first occurs, and certifying (A) that attached thereto is a true and complete copy of the by-laws of that entity as in effect on the date of such certification, (B) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors of that entity authorizing the Borrowings and Letter of Credit issuances hereunder, the execution, delivery and performance in accordance with their respective terms of this Agreement, the Loan Documents and any other documents required or contemplated hereunder or thereunder and the granting of the security interest in the Letter of Credit Account and other Liens contemplated hereby, (C) that the certificate of incorporation of that entity has not been amended since the date of the last amendment thereto indicated on the certificate of the Secretary of State furnished pursuant to clause (i) above and (D) as to the incumbency and specimen signature of each officer of that entity executing this Agreement and the Loan Documents or any other document delivered by it in connection herewith or therewith (such certificate to contain a certification by another officer of that entity as to the incumbency and signature of the officer signing the certificate referred to in this clause (iii)).

(b) Interim Order. The order of the Bankruptcy Court attached hereto as Exhibit A-1 (the "Interim Order") approving the Loan Documents and granting the Superpriority Claim status and senior and other Liens described in Section 2.23 shall be in full force and effect, and shall not have been vacated, stayed, reversed, modified or amended in any respect that the Initial Lenders reasonably determine to be adverse to their interests; and, if the Interim Order is the subject of a pending appeal in any respect, neither the making of such Loans nor the issuance of such Letters of Credit nor the performance by the Borrower or any of the Guarantors of any of their respective obligations hereunder or under the Loan Documents or under any other instrument or agreement referred to herein shall be the subject of a presently effective stay pending appeal.

(c) Security and Pledge Agreement. The Borrower and each of the Guarantors shall have duly executed and delivered to the Collateral Agent a Security and Pledge Agreement in substantially the form of Exhibit B (the "Security and Pledge Agreement"), and shall have delivered to the Collateral Agent any pledged Collateral required to be delivered thereunder.

(d) SGR Security Agreement. The Borrower shall have duly executed and delivered to the Collateral Agent a slot, gate and route security and pledge agreement, in substantially the form of Exhibit C (the "SGR Security Agreement"), duly executed by the Borrower as of the Closing Date and have taken such actions as may be contemplated by such agreement to perfect the Liens granted to the Collateral Agent thereunder.

(e) Aircraft Mortgage. The Borrower shall have duly executed and delivered to the Collateral Agent an aircraft mortgage, in substantially the form of Exhibit D (the "Aircraft Mortgage"), and a Mortgage Supplement with respect to the Mortgaged Collateral in substantially the form annexed to the Aircraft Mortgage, and the Collateral Agent shall have received evidence that the Aircraft Mortgage and the Mortgage Supplement has been recorded with the FAA. The parties hereto acknowledge and agree that any Lien described in this Agreement on the Mortgaged Collateral is a Lien in favor of the Collateral Agent for the ratable benefit of the Lenders.

(f) **[Intentionally omitted]**

(g) Bank One DIP. (i) The Bank One DIP and the order authorizing the Bank One DIP shall be reasonably satisfactory in form and substance to the Initial Lenders and all of the conditions to extensions of credit set forth in the Bank One DIP shall have been satisfied (or waived) and funding under the Bank One DIP in the amount of $300,000,000 shall have occurred concurrently with the making of the Loans on the Closing Date and (ii) the Borrower, the Agents and Bank One, as administrative agent under the Bank One DIP, shall have executed an intercreditor agreement in substantially the form of Exhibit G.

(h) Appraisals. (i) The Borrower shall have delivered to the Initial Lenders all information necessary for the Appraisers to complete the appraisals, including, without limitation, detailed maintenance records for all aircraft, engines and spare engines included in Mortgaged Collateral and (ii) the Initial Lenders shall have received appraisals of Routes, Slots, Mortgaged Collateral, Flight Simulators and QEC Kits that are reasonably satisfactory to the Initial Lenders.

(i) **[Intentionally omitted]**

(j) Minimum Cash. Borrower's cash and cash equivalents (net of amounts contained in the Escrow Accounts) shall be no less than $500,000,000.

(k) Opinions of Counsel. The Agents, the Initial Lenders and the Collateral Agent shall have received:

(i) a favorable written opinion of Kirkland & Ellis, counsel to the Borrower and the Guarantors, dated the date of the initial Loans or the issuance of the initial Letters of Credit, whichever first occurs, substantially in the form of Exhibit E-1;

(ii) a favorable written opinion of Vedder, Price, Kaufman & Kammholz, special counsel to the Borrower and the Guarantors, dated the date of the initial Loans or the issuance of the initial Letters of Credit, whichever first occurs, substantially in the form of Exhibit E-2; and

(iii) a favorable written opinion of McAfee & Taft, special counsel to the Agents, dated the date of the initial Loans or the issuance of the initial Letters of Credit, whichever first occurs, substantially in the form of Exhibit E-3.

(l) Payment of Fees. The Borrower shall have paid to the Paying Agent the then unpaid balance of all accrued and unpaid Fees due under and pursuant to this Agreement and as referred to in Section 2.19.

(m) Corporate and Judicial Proceedings. All corporate and judicial proceedings and all instruments and agreements in connection with the transactions among the Borrower, the Guarantors, the Agents, the Initial Lenders and the Lenders contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Initial Lenders, and the Agents and the Initial Lenders shall have received all information and copies of all documents and papers, including records of corporate and judicial proceedings, which the Agents may have reasonably requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate, governmental or judicial authorities.

(n) Information. The Initial Lenders shall have received such other information (financial or otherwise) as may be reasonably requested by the Initial Lenders, and shall have discussed the Borrower's business plan as delivered to the Agents on December 2, 2002 with the Borrower's management, including, without limitation, at a meeting with the Borrower's chief executive officer and shall be reasonably satisfied with the nature and substance of such discussions.

(o) Access; Compliance with Environmental Laws. The Borrower and the Guarantors shall have granted the Initial Lenders access to and the right to inspect all reports, audits and other internal information of the Borrower and the Guarantors relating to environmental matters, and any third party verification of certain maters relating to compliance with environmental laws and regulations reasonably requested by the Agents, and the Initial Lenders shall be reasonably satisfied that the Borrower and the Guarantors are in compliance in all material respects with all applicable environmental laws and negotiations and the Borrower has made adequate provision for the costs of maintaining such compliance.

(p) Lien Searches. The Agents shall have received UCC searches (including tax liens and judgment liens) conducted in such jurisdictions in which the Borrower and the Guarantors conduct business and Lien searches conducted in the recording office of the Federal Aviation Administration as may be reasonably satisfactory to the Agents (dated as of a date reasonably satisfactory to them), reflecting the absence of Liens and encumbrances on the assets of the Borrower and the Guarantors other than such Liens permitted hereunder and as may be reasonably satisfactory to the Initial Lenders and (in the case of the searches conducted at the recording office of the FAA) indicating that the Borrower (or a Guarantor) is the registered owner of each of the aircraft which is intended to be covered by the Aircraft Mortgage.

(q) Insurance Designation. The Collateral Agent shall have been named as loss payee with respect to the Mortgaged Collateral, and additional insured (as its interests may appear), on such policies of insurance of the Borrower and the Guarantors as the Collateral Agent may have reasonably requested.

(r) Closing Documents. The Agents and, where applicable, Initial Lenders, shall have received all documents required by this Section 4.01 reasonably satisfactory in form and substance to the Agents and, where applicable, Initial Lenders.

SECTION 4.02 **Conditions Precedent to Each Loan and Each Letter of Credit**. The obligation of the Lenders to make each Loan and of the Fronting Bank to issue each Letter of Credit, including the initial Loan and the initial Letter of Credit and any Additional Credit, is subject to the following conditions precedent:

(a) Notice. The Paying Agent shall have received a notice with respect to such borrowing or issuance, as the case may be, as required by Section 2.

(b) Representations and Warranties. All representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date of each Borrowing or the issuance of each Letter of Credit hereunder with the same effect as if made on and as of such date except to the extent such representations and warranties expressly relate to an earlier date.

(c) No Default. On the date of each Borrowing hereunder or the issuance of each Letter of Credit, no Event of Default or event which upon notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing (including, for the avoidance of doubt, any "Event of Default" resulting from any breach or default under the Bank One DIP).

(d) Orders. The Interim Order shall be in full force and effect and shall not have been vacated, stayed, reversed, modified or amended in any respect that the Initial Lenders reasonably determine to be adverse to their interests without the prior written consent of the Initial Lenders, provided, that at the time of the making of any Loan or the issuance of any Letter of Credit the aggregate amount of either of which, when added to the sum of the principal amount of all Loans then outstanding and the Letter of Credit Outstandings, would exceed the amount authorized by the Interim Order and available to the Borrower during Stage I pursuant to Section 2.01(c)(i) (collectively, the "Additional Credit"), the Agents and each of the Lenders shall have received a certified copy of an order of the Bankruptcy Court in substantially the form of Exhibit A-2 (the "Final Order"), with only such modifications as are reasonably satisfactory in form and substance to the Initial Lenders, which, in any event, shall have been entered by the Bankruptcy Court no later than 45 days after the entry of the Interim Order, and at the time of the extension of any Additional Credit the Final Order shall be in full force and effect, and shall not have been vacated, stayed, reversed, modified or amended in any respect that the Initial Lenders reasonably determine to be adverse to their interests without the prior written consent of the Super-majority Lenders; and if either the Interim Order or the Final Order is the subject of a pending appeal in any respect, neither the making of the Loans nor the issuance of any Letter of Credit nor the performance by the Borrower or any Guarantor of any of their respective obligations under any of the Loan Documents shall be the subject of a presently effective stay pending appeal.

(e) Payment of Fees. The Borrower shall have paid to the Paying Agent the then unpaid balance of all accrued and unpaid Fees then payable under and pursuant to this Agreement and as referred to in Section 2.19.

(f) Work Stoppage. No material work disruptions or stoppages by employees of the Borrower or the Guarantors shall have occurred and be continuing that could reasonably be expected to have a material adverse effect on the financial condition, operations, business, properties, assets or prospects of the Borrower and the Guarantors taken as a whole.

(g) Borrowing Base Certificate. From and after the execution and delivery of the Borrowing Base Amendment, the Agents shall have received for themselves and for distribution to the Lenders the timely delivery of the most recent Borrowing Base Certificate (delivered no more than thirty-one (31) days prior to the making of a Loan or the issuance of a Letter of Credit) required to be delivered hereunder.

(h) Stage II Loans. At the time of the initial extension of any Additional Credit in Stage II:

(i) the Agents shall have received, at least ten (10) Business Days prior to such extension, an updated appraisal of the Mortgaged Collateral, Primary Routes, Slots, Flight Simulators and QEC Kits in form and substance reasonably satisfactory to the Agents and the Initial Lenders (copies of which will be made available to the Lenders); and

(ii) the Borrower shall have delivered to the Agents and the Lenders, at least ten (10) Business Days prior to such extension, an updated business plan and shall have certified in a manner reasonably satisfactory to the Agents and the Initial Lenders that the revenue projections set forth in the revised plan are no lower than the revenue projections set forth in the business plan referred to in Section 4.01(n) and that the Borrower has achieved annualized incremental cost savings of no less than $300,000,000 in addition to the aggregate cost savings reflected in such business plan referred to in Section 4.01(n); and

(iii) at such time, cumulative consolidated EBITDAR for the period commencing on December 1, 2002 and ending on the last day of the month immediately preceding such extension of credit shall be a positive number; and

(iv) there shall have been no adverse change with respect to the transferability of the Borrower's or any applicable Guarantor's Routes, Gate Leaseholds, Slots and Primary Foreign Slots in connection with the enforcement of remedies that could reasonably be expected to have a material adverse effect on the Lenders; and

(v) the Borrower shall have delivered to the Agents, at least ten (10) Business Days prior to such extension, a satisfactory certificate from the Borrower's chief financial officer (i) certifying that the conditions necessary to satisfy the Stage II Threshold shall have been satisfied and (ii) setting forth computations in detail reasonably satisfactory to the Agents demonstrating compliance with the conditions set forth in Sections 4.02(h)(ii) and (iii).

The request by the Borrower for, and the acceptance by the Borrower of, each extension of credit hereunder shall be deemed to be a representation and warranty by the Borrower that the conditions specified in this Section have been satisfied or waived at that time.

SECTION 5. AFFIRMATIVE COVENANTS

From the date hereof and for so long as any Tranche A Commitment or Tranche B Commitment shall be in effect or any Letter of Credit shall remain outstanding (in a face amount in excess of the amount of cash then held in the Letter of Credit Account, or in excess of the face amount of back-to-back letters of credit delivered, in each case pursuant to Section 2.03(b)), or any amount shall remain outstanding or unpaid under this Agreement (other than contingent indemnification obligations in respect of which no claims giving rise thereto have been asserted), the Borrower and each of the Guarantors agree that, unless the Required Lenders shall otherwise consent in writing, the Borrower and each of the Guarantors will:

SECTION 5.01 **Financial Statements, Reports, etc**. In the case of the Borrower and the Guarantors, deliver to the Agents and each of the Lenders:

(a) within 90 days after the end of each fiscal year, the Parent's consolidated balance sheet and related statement of income and cash flows, showing the financial condition of the Borrower, the Parent and its Subsidiaries on a consolidated basis as of the close of such fiscal year and the results of their respective operations during such year, the consolidated statement of the Parent to be audited for the Parent by Deloitte and Touche LP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which shall not be qualified in any material respect other than with respect to the Cases or a going concern qualification) and to be certified by a Financial Officer of the Parent to the effect that such consolidated financial statements fairly present the financial condition and results of operations of the Borrower, the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP;

(b) within 45 days after the end of each of the first three fiscal quarters, the Parent's consolidated balance sheets and related statements of income and cash flows, showing the financial condition of the Borrower, the Parent and its Subsidiaries on a consolidated basis as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then elapsed portion of the fiscal year, each certified by a Financial Officer as fairly presenting in all material respects the financial condition and results of operations of the Borrower, the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes;

(c) (i) concurrently with any delivery of financial statements under (a) and (b) above, a certificate of a Financial Officer certifying such statements (A) certifying that no Event of Default or event which upon notice or lapse of time or both would constitute an Event of Default has occurred, or, if such an Event of Default or event has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (B) setting forth computations in reasonable

detail satisfactory to the Agents demonstrating compliance with the provisions of Sections 6.03, 6.04, 6.05, 6.10, 6.11 and 6.13 and (ii) concurrently with any delivery of financial statements under (a) above, a certificate (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations) of the accountants auditing the consolidated financial statements delivered under (a) above certifying that, in the course of the regular audit of the business of the Borrower, the Parent and its Subsidiaries, such accountants have obtained no knowledge that an Event of Default has occurred and is continuing, or if, in the opinion of such accountants, an Event of Default has occurred and is continuing, specifying the nature thereof and all relevant facts with respect thereto;

(d) as soon as available, but no more than 30 days after the end of each fiscal month (i) the unaudited monthly cash flow reports, consolidated balance sheets and related statements of income of the Borrower and its Subsidiaries on a consolidated basis and as of the close of such fiscal month and the results of their operations during such month and the then elapsed portion of the fiscal quarter, (ii) an updated 13-week rolling cash flow projection together with a weekly reconciliation of such cash flows to actual weekly results, and (iii) a monthly report detailing professional fees and expenses that have been billed and paid or billed but unpaid to date, the accumulated "hold-back" of professional fees and expenses to date, material adverse events or changes (if any) to the financial condition, operations, business, properties, assets or prospects of the Borrower and the Guarantors taken as a whole and material litigation (if any);

(e) as soon as possible, and in any event within 30 days of the Closing Date, a consolidated pro forma balance sheet of the Parent's and its Subsidiaries' financial condition as of the Filing Date;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it with the Securities and Exchange Commission, or any governmental authority succeeding to any of or all the functions of said commission, or with any national securities exchange, as the case may be;

(g) as soon as available and in any event (A) within 30 days after the Borrower or any of its ERISA Affiliates knows or has reason to know that any Termination Event described in clause (i) of the definition of Termination Event with respect to any Single Employer Plan of the Borrower or such ERISA Affiliate has occurred and (B) within 10 Business Days after the Borrower or any of its ERISA Affiliates knows or has reason to know that any other Termination Event with respect to any such Plan has occurred, a statement of a Financial Officer of the Borrower describing the full details of such Termination Event and the action, if any, which the Borrower or such ERISA Affiliate is required or proposes to take with respect thereto, together with any notices required or proposed to be given to or filed with or by the Borrower, the ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto;

(h) promptly and in any event within 10 Business Days after receipt thereof by the Borrower or any of its ERISA Affiliates from the PBGC copies of each notice received by the Borrower or any such ERISA Affiliate of the PBGC's intention to terminate any Single Employer Plan of the Borrower or such ERISA Affiliate or to have a trustee appointed to administer any such Plan;

(i) if requested by either Agent (in consultation with the other Agent), promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Single Employer Plan of the Borrower or any of its ERISA Affiliates;

(j) within 10 Business Days after notice is given or required to be given to the PBGC under Section 302(f)(4)(A) of ERISA of the failure of the Borrower or any of its ERISA Affiliates to make timely payments to a Plan, a copy of any such notice filed and a statement of a Financial Officer of the Borrower setting forth (A) sufficient information necessary to determine the amount of the lien under Section 302(f)(3), (B) the reason for the failure to make the required payments and (C) the action, if any, which the Borrower or any of its ERISA Affiliates proposed to take with respect thereto;

(k) promptly and in any event within 10 Business Days after receipt thereof by the Borrower or any ERISA Affiliate from a Multiemployer Plan sponsor, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of Withdrawal Liability by a Multiemployer Plan, (B) the determination that a Multiemployer Plan is, or is expected to be, in reorganization within the meaning of Title IV of ERISA, (C) the termination of a Multiemployer Plan within the meaning of Title IV of ERISA, or (D) the amount of liability incurred, or which may be incurred, by the Borrower or any ERISA Affiliate in connection with any event described in clause (A), (B) or (C) above;

(l) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Borrower or any Guarantor, or compliance with the terms of any material loan or financing agreement as the Agents, at the request of any Lender, may reasonably request;

(m) furnish to the Initial Lenders and their counsel promptly after the same is available, copies of all pleadings, motions, applications, judicial information, financial information and other documents filed by or on behalf of the Borrower or any of the Guarantors with the Bankruptcy Court in the Cases, or distributed by or on behalf of the Borrower or any of the Guarantors to any official committee appointed in the Cases;

(n) on the fifth Business Day following the end of each seven-day reporting period (or, with respect to the final report to be delivered in any two-month period, following the end of such two-month period), a slot utilization report conforming to the Slot Reporting Guidelines for the most recently completed reporting period, showing, for each airport and time allotment set forth in Schedule 5.01(n) as amended from time to time, the percentage utilization for the Slots for such airport during such time allotment for the cumulative period ending on the last day of such reporting period, certified by a Financial Officer of the Borrower and stating that the Borrower is conducting its operations and monitoring Slot usage in a manner such that the Borrower should be able to meet the Use or Lose Rule for such Slots with respect to the applicable two-month FAA reporting period.

SECTION 5.02 **Corporate Existence**. Preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except if such failure to preserve the same could not, in the aggregate, reasonably be expected to have a material adverse effect on the operations, business, properties, assets, prospects or condition (financial or otherwise) of the Borrower and the Guarantors, taken as a whole.

SECTION 5.03 **Insurance**.

(a) In addition to the requirements of Section 5.03(b), (i) keep its insurable properties insured at all times, against such risks, including fire and other risks insured against by extended coverage, as is customary with companies of the same or similar size in the same or similar businesses (including, without limitation, casualty insurance or reinsurance on its aircraft at the appraised value) and which is reasonably satisfactory to the Agent; and maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by the Borrower or any Guarantor, as the case may be, in such amounts (giving effect to self-insurance) and with such deductibles as are customary with companies of the same or similar size in the same or similar businesses and in the same geographic area; and (ii) maintain such other insurance or self insurance as may be required by law.

(b) Maintain in full force and effect war risk and terrorism insurance on all its property in an amount that is no less than (x) through June 30, 2003 (unless the Federal Aviation Insurance Program, as amended through the date hereof, is extended to December 31, 2003, in which case, December 31, 2003), the maximum amount available to the Borrower and the Guarantors from the DOT under the Federal Aviation Insurance Program, as amended by the Air Transportation Stabilization Act and Regulations and further amended by the Homeland Security Act of 2002 and (y) thereafter, such amount as is then customary for major United States air carriers in the United States domestic airline industry.

(c) Maintain business interruption insurance in amounts that are reasonably satisfactory to the Agents and customary in the airline industry for major United States carriers with foreign operations.

(d) Promptly deliver to the Agents copies of any notices received from its insurers with respect to insurance programs required by the Terrorism Risk Insurance Act of 2002 and, if so requested by the Agents, procure and maintain in force the insurance that is offered in such programs.

SECTION 5.04 **Obligations and Taxes**. With respect to the Borrower and each Guarantor, pay all its material obligations arising after the Filing Date promptly and in accordance with their terms and pay and discharge promptly all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property arising after the Filing Date, before the same shall become in default, as well as all material lawful claims for labor, materials and supplies or otherwise arising after the Filing Date which, if unpaid, would become a Lien or charge upon such properties or any part thereof; provided, however, that the Borrower and each Guarantor shall not be required to pay and discharge or to cause to be paid and discharged any such obligation, tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings (if the Borrower and the Guarantors shall have set aside on their books adequate reserves therefor).

SECTION 5.05 **Notice of Event of Default, etc**. Promptly give to the Agents notice in writing of any Event of Default or the occurrence of any event or circumstance which with the passage of time or giving of notice or both would constitute an Event of Default.

SECTION 5.06 **Access to Books and Records**. Maintain or cause to be maintained at all times true and complete books and records in accordance with GAAP of the financial operations of the Borrower and the Guarantors; and provide the Agents, the Collateral Agent, the Initial Lenders and their respective representatives and advisors access to all such books and records, as well as any appraisals of the Collateral, during regular business hours, in order that the Agents, the Collateral Agent and the Initial Lenders may upon reasonable prior notice examine and make abstracts from such books, accounts, records, appraisals and other papers for the purpose of verifying the accuracy of the various reports delivered by the Borrower or the Guarantors to the Agents or the Lenders pursuant to this Agreement or for otherwise ascertaining compliance with this Agreement; and at any reasonable time and from time to time during regular business hours, upon reasonable notice and with reasonable frequency, permit the Agents, the Collateral Agent, the Initial Lenders and any agents or representatives (including, without limitation, appraisers) thereof to visit the properties of the Borrower and the Guarantors and to conduct examinations of and to monitor the Collateral held by the Collateral Agent, in each case at the expense of the Borrower.

SECTION 5.07 **Borrowing Base Certificate**. Following the execution and delivery of the Borrowing Base Amendment, furnish to the Agents and the Collateral Agent as soon as available and in any event (i) on or before the last Business Day of each month, a monthly Borrowing Base Certificate as of the last day of the immediately preceding month, (ii) if requested by either Agent (in consultation with the other Agent) or Collateral Agent at any other time when either Agent (in consultation with the other Agent) or Collateral Agent reasonably believes that the then existing Borrowing Base Certificate is materially inaccurate, or at any time following the occurrence and continuation of an Event of Default, as soon as reasonably available but in no event later than three (3) Business Days after such request, a Borrowing Base Certificate showing the Borrowing Base as of the date so requested, in each case with supporting documentation as may be reasonably required by either Agent (in consultation with the other Agent) or the Collateral Agent (including, without limitation, the documentation described on a schedule to the Borrowing Base Amendment) and (iii) such other supporting documentation and additional reports with respect to the Borrowing Base as either Agent (in consultation with the other Agent) or Collateral Agent shall reasonably request.

SECTION 5.08 **Collateral Monitoring and Review.** Following the execution and delivery of the Borrowing Base Amendment, at any time upon the reasonable request of the Collateral Agent and upon reasonable notice, permit the Agents, the Collateral Agent or their professionals (including consultants, accountants and appraisers) to conduct evaluations and appraisals of (i)

the Borrower's and/or the Guarantors' practices in the computation of the Borrowing Base and (ii) the assets included in the Borrowing Base, and pay the reasonable fees and expenses in connection therewith (including, without limitation, the reasonable and customary fees and expenses associated with the Agents' or the Collateral Agent's collateral agent services or control group). In connection with any collateral monitoring or review and appraisal relating to the computation of the Borrowing Base, the Borrower shall make such adjustments to the Borrowing Base as either Agent (in consultation with the other Agent) and the Collateral Agent shall reasonably require based upon the terms of this Agreement and results of such collateral monitoring, review or appraisal.

SECTION 5.09 **Appraisals.** Permit the Agents, the Collateral Agent and their advisors to conduct updated appraisals of the Mortgaged Collateral, Routes, Slots, Foreign Slots, Flight Simulators, Gate Leaseholds and QEC Kits, constituting part of the Collateral, such that updated appraisals, dated as of a recent date and reasonably satisfactory to the Initial Lenders are delivered within 30 days of the end of each fiscal quarter or prior to the end of a fiscal quarter upon the reasonable request of either Agent (in consultation with the other Agent).

SECTION 5.10 **FAA and DOT Matters; Citizenship**. In the case of the Borrower, (a) maintain at all times its status at the DOT as an "air carrier" within the meaning of Section 40102(a)(2) of Title 49, and hold a certificate under Section 41102(a)(1) of Title 49; (b) at all times hereunder be a United States Citizen; (c) maintain at all times its status at the FAA as an air carrier and hold an air carrier operating certificate and other operating authorizations issued by the FAA pursuant to 14 C.F.R. Sections 119 and 121 as currently in effect or as may be amended or recodified from time to time; and (d) possess and maintain all necessary certificates, exemptions, franchises, licenses, permits, designations, rights, concessions, authorizations and consents which are material to the operation of the Slots, the Primary Routes and Primary Foreign Slots flown by it and the conduct of its business and operations as currently conducted except in any case described in this clause (d), where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a material adverse effect on the financial condition, business, properties, operations, assets or prospects of the Borrower or the Guarantors taken as a whole.

SECTION 5.11 **Gate Leasehold Utilization**. Utilize all of its Gate Leaseholds in a manner sufficient to comply in all material respects with applicable lease provisions governing such airport gate leaseholds.

SECTION 5.12 **Compliance With Terms of Leaseholds.** Make all post-petition payments and otherwise perform all obligations in respect of all leases of real property (including, without limitation, arrangements with respect to airport gate leaseholds to which the Borrower may be party), to the extent necessary to keep such leases in full force and effect and not allow such leases to lapse or be terminated or any rights to renew such leases to be forfeited or cancelled, notify the Agents of any default by any party with respect to such leases and cooperate with the Agents in all respects to cure any such default, except, in any case, where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a material adverse effect on the operations, business, properties, assets, prospects or condition (financial or otherwise) of the Borrower and the Guarantors, taken as a whole.

SECTION 5.13 **Slot Utilization**.

(a) Utilize the Slots in a manner consistent in all material respects with applicable regulations and contracts in order to preserve its right to hold and operate the Slots, taking into account any waivers or other relief granted to the Borrower by the FAA.

(b) Cause to be done all things reasonably necessary to preserve and keep in full force and effect its rights in and use of its Slots, including, without limitation, satisfying the Use or Lose Rule. Without in any way limiting the foregoing, the Borrower shall promptly take all such steps as may be reasonably necessary now or in the future to maintain, renew and obtain the rights, licenses, authorizations or certifications as are necessary to the continued and future holding and operation by the Borrower of its Slots.

SECTION 5.14 **Primary Foreign Slot Utilization**.

(a) Utilize the Primary Foreign Slots in a manner consistent in all material respects with applicable regulations and contracts in order to preserve its right to hold and operate the Primary Foreign Slots, taking into account any waivers or other relief granted to the Borrower by any applicable Foreign Aviation Authorities.

(b) Cause to be done all things reasonably necessary to preserve and keep in full force and effect its right in and use of its Primary Foreign Slots. Without in any way limiting the foregoing, the Borrower shall promptly take all such steps as may be reasonably necessary now or in the future to maintain, renew and obtain the rights, licenses, authorizations or certifications as are necessary to the continued and future holding and operation by the Borrower of its Primary Foreign Slots.

SECTION 5.15 **Primary Route Utilization; Route Reporting**.

(a) Utilize the Primary Routes in a manner consistent in all material respects with Title 49, rules and regulations promulgated thereunder, and applicable foreign law, and the applicable rules and regulations of the FAA, DOT and any applicable Foreign Aviation Authorities, including, without limitation, any operating authorizations, certificates, bilateral authorizations and bilateral agreements with any applicable Foreign Aviation Authorities and contracts with respect to such Primary Routes, in order to preserve its rights to hold and operate the Primary Routes and utilize the Supporting Route Facilities for the Primary Routes.

(b) Cause to be done all things reasonably necessary to preserve and keep in full force and effect its material rights in and to use its Primary Routes, except as to its authority for seven weekly services on a Fifth-Freedom basis between Hong Kong and Japan pursuant to Notice of Action Taken issued by DOT Docket OST-02-13760, dated November 22, 2002. Without in any way limiting the foregoing, the Borrower shall promptly take (i) all such steps as may be reasonably necessary to obtain renewal of each such Primary Route authority from the DOT and any applicable Foreign Aviation Authorities, within a reasonable time prior to the expiration of such authority (as prescribed by law or regulation, if any), and notify the Agents of the status of such renewal and (ii) all such other steps as may be necessary to maintain, renew and obtain any and all Supporting Route Facilities for the Primary Routes as

needed for the continued and future operations of the Borrower over the Primary Routes which are now allocated or possessed, or as may hereafter be allocated or acquired. The Borrower shall further take all actions reasonably necessary or, in the reasonable judgment of either Agent (in consultation with the other Agent), advisable in order to maintain its material rights to use its Primary Routes (including, without limitation, protecting the Primary Routes from dormancy or withdrawal by the DOT) and Supporting Route Facilities for the Primary Routes. The Borrower and any applicable Guarantor shall pay any applicable filing fees and other expenses related to the submission of applications, renewal requests, and other filings as may be reasonably necessary to maintain or obtain such entity's rights in the Primary Routes and Supporting Route Facilities for the Primary Routes.

(c) Promptly upon receipt thereof, deliver to the Agents copies of (i) each certificate or order issued by the DOT and the applicable Foreign Aviation Authorities with respect to Primary Routes and Supporting Route Facilities for the Primary Routes, (ii) all filings made by the Borrower with any Governmental Authority or any Foreign Aviation Authorities related to preserving and maintaining the Primary Routes and Supporting Route Facilities for the Primary Routes and (iii) any notices received from any Person notifying the Borrower or any applicable Guarantor of an event which could have a potential adverse effect upon the Primary Routes and Supporting Route Facilities for the Primary Routes, or the failure to preserve such Primary Routes and Supporting Route Facilities for the Primary Routes as required pursuant to this Section 5.15.

SECTION 5.16 **Business Plan**. Make its senior officers available to discuss the Borrower's business plan (a copy of which has heretofore been delivered to the Initial Lenders referred to in Section 4.01(n)) with the Agents upon the Agents' reasonable request.

SECTION 5.17 **ATSB Application**. Use all reasonable efforts to modify its previously filed Application with the ATSB, and comply in all material respects with any reasonable request from the ATSB for information in connection with such Application, to obtain a guarantee of any exit financing which may be required in connection with a Reorganization Plan.

SECTION 5.18 **Concentration Account.** As promptly as practicable, but not later than thirty (30) days after the Closing Date in respect of funds deposited in domestic accounts and ninety (90) days after the Closing Date in respect of funds deposited in non-domestic accounts (to the extent such non-domestic accounts are accounts of the Borrower or the Guarantors), establish a cash management system pursuant to which JPMorgan Chase is the principal concentration bank of the Borrower and the Guarantors other than for funds maintained in (i) the Escrow Accounts, (ii) payroll accounts and trust accounts, (iii) cash collateral accounts established with respect to proceeds of Bank One Collateral and (iv) accounts maintained at Citibank, N.A. or any of its banking Affiliates with respect to the concentration of foreign accounts.

SECTION 5.19 **Operational Matters.**

(a) Provide the Collateral Agent with ten (10) days prior written notice of its intent to store any Aircraft, Engine or Spare Engine (each as defined in the Aircraft Mortgage) and obtain the written consent of either Collateral Agent (acting in consultation with the other Agent) to (i) the identity of, and servicing obligations of, any third party with which such Aircraft, Engine or Spare Engine may be stored from time to time and (ii) the location at which such Aircraft, Engine or Spare Engine will be stored (it being understood that all such storage locations shall be reasonably satisfactory to the Agent).

(b) Promptly notify the Agents of any reduction in work force or reallocation of the work force with primary responsibility for preparing and maintaining maintenance records for the Borrower and the Guarantors.

(c) Provide to the Agents, the Collateral Agent and the Appraisers no later than the last Business Day of each month, the information described in Schedule 5.19(c) in a format reasonably satisfactory to the Agents and the Collateral Agent and other information reasonably requested by a Collateral Agent (in consultation with the other Collateral Agent).

SECTION 5.20 **Additional Collateral**.

(a) Upon any additional aircraft, engines, spare engines or spare parts becoming free and clear of liens, deliver to the Collateral Agent an Aircraft Mortgage and Mortgage Supplement with respect to such aircraft, engines, spare engines or spare parts.

(b) Upon ten (10) days' notice from a Collateral Agent (in consultation with the other Collateral Agent), supplement Schedules 1.01(b) and (c) to include any other Foreign Slots or Routes of the Borrower as the Collateral Agent (in consultation with the other Collateral Agent) may reasonably require to be added to such Schedule as a Primary Foreign Slot or Primary Route, as the case may be.

SECTION 5.21 **Post Closing**.

(a) Cause to be delivered to the Agents, within 45 days of the Closing Date, a favorable opinion of McAfee & Taft, special counsel to the Agents with regard to, among other things, Liens on such aircraft, engines, spare parts and spare engines on which the Collateral Agent, for the benefit of the Lenders, is entitled to have a first priority Lien, in form and substance reasonably satisfactory to the Agents and the Collateral Agent.

(b) Deliver to the Collateral Agent within 60 days of the Closing Date, a complete list of the Routes, Supporting Route Facilities and Foreign Slots.

SECTION 6. NEGATIVE COVENANTS

From the date hereof and for so long as any Tranche A Commitment or Tranche B Commitment shall be in effect or any Letter of Credit shall remain outstanding (in a face amount in excess of the amount of cash then held in the Letter of Credit Account, or

in excess of the face amount of back-to-back letters of credit delivered, in each case pursuant to Section 2.03(b)) or any amount shall remain outstanding or unpaid under this Agreement (other than contingent indemnification obligations in respect of which no claims giving rise thereto have been asserted), unless the Required Lenders shall otherwise consent in writing, the Borrower and each of the Guarantors will not (and will not apply to the Bankruptcy Court for authority to):

SECTION 6.01 **Liens**. Incur, create, assume or suffer to exist any Lien on any asset of the Borrower or the Guarantors, now owned or hereafter acquired by the Borrower or any of such Guarantors, other than (i) Liens which were existing on the Filing Date as reflected on Schedule 3.07; (ii) Permitted Liens; (iii) Liens in favor of the Collateral Agent and the Lenders; (iv) Liens securing purchase money Indebtedness or Capitalized Leases permitted by Section 6.03; (v) Liens on the Bank One Collateral in favor of Bank One; (vi) Junior Liens (subject and fully subordinate to the Liens granted to the Collateral Agent on behalf of the Lenders hereunder and under the Orders) on the Collateral (other than the Bank One Collateral) in favor of Bank One securing the obligations under the Bank One DIP, provided, that (A) the holders of such Liens shall not be permitted to exercise any remedies with respect thereto unless all of the Obligations have been paid in full and the Lenders have no further Tranche A Commitment or Tranche B Commitment hereunder and (B) the instruments and agreements pursuant to which such Liens are created are reasonably satisfactory in form and substance to the Agents and Initial Lenders; (vii) other Liens securing Indebtedness permitted by Section 6.03(viii); (viii) licenses, leases and subleases of Mortgaged Collateral granted to others but only to the extent permitted by the Aircraft Mortgage and not interfering in any material respect with the business of the Borrower and the Guarantors, taken as a whole; (ix) any renewal of any Lien on any "equipment" described in Section 1110(a)(3) of the Bankruptcy Code (as in effect on the Filing Date) permitted by clause (i) above, provided that the Indebtedness secured is not increased and the Lien is not extended to any additional assets of the Borrower and the Guarantors; (x) Liens arising from precautionary UCC financing statements regarding operating leases permitted by this Agreement; (xi) any interest or title of a licensor, lessor or sublessor under any lease permitted by this Agreement; (xii) Liens on real and personal property acquired in connection with acquisitions permitted by this Agreement to the extent such Liens exist on such acquired property at the time of acquisition and not incurred in contemplation of such acquisition, provided, that such Liens do not attach to other assets of the Borrower and the Guarantors; (xiii) Liens in favor of credit card processors having a right of setoff, revocation, refund or charge back with respect to money or instruments of the Borrower or any Guarantor; (xiv) Liens in favor of English travel agencies having a right of setoff, revocation, refund or charge back with respect to money or instruments of the Borrower or any Guarantor; (xv) Liens on cash collateral or Letters of Credit in an aggregate amount not in excess of $50,000,000 securing Indebtedness permitted pursuant to Section 6.03(vi) and (vii); and (xvi) other Liens incurred by the Borrower and the Guarantors so long as the value of the property subject to such Liens, and the Indebtedness and other obligations secured thereby, do not exceed $1,000,000.

SECTION 6.02 **Merger, etc**. Consolidate or merge with or into another Person (provided, that any Guarantor may merge or consolidate with any other Guarantor or the Borrower).

SECTION 6.03 **Indebtedness**. Contract, create, incur, assume or suffer to exist any Indebtedness, except for (i) Indebtedness under the Loan Documents; (ii) Indebtedness incurred prior to the Filing Date (including existing Capitalized Leases as set forth on Schedule 6.03); (iii) intercompany Indebtedness between the Borrower and the Guarantors, which Indebtedness shall be pledged to the Collateral Agent pursuant to the Security and Pledge Agreement, (iv) Indebtedness owed to Bank One and the Bank One DIP Lenders under the Bank One DIP in an aggregate principal amount not to exceed $300,000,000; (v) Indebtedness incurred subsequent to the Filing Date secured by purchase money Liens or Capitalized Leases in an aggregate amount not to exceed amounts permitted under Section 6.04; (vi) Indebtedness owed to any Lender (or any of its banking Affiliates) or any other Person in respect of fuel hedges and other derivatives contracts, in each case to the extent that such agreement or contract is permitted by order of the Bankruptcy Court and entered into in the ordinary course of business consistent with past practices; (vii) Indebtedness owed to any Lender or any of its banking Affiliates in respect of (A) currency swap agreements, currency future or option contracts and other similar agreements designed to hedge against fluctuations in foreign interest rates and currency values and (B) interest rate swap, cap or collar agreements and interest rate future or option contracts, in each case to the extent that such agreement or contract is permitted by order of the Bankruptcy Court and entered into in the ordinary course of business consistent with past practices; (viii) Indebtedness owed to any Lender or any of its banking Affiliates in respect of any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds; (ix) refinancings and replacements of Indebtedness secured directly or indirectly by "equipment" described in Section 1110(a)(3) of the Bankruptcy Code (as in effect on the Filing Date hereof and permitted by Section 6.03(ii)), provided that (A) the principal amount of such existing Indebtedness shall not be increased above the principal amount thereof outstanding immediately prior to such refinancing or replacement, (B) the maturity of such existing Indebtedness shall not be shortened as a result of such refinancing or replacement, (C) the weighted average life to maturity of such existing Indebtedness shall not be reduced as a result of such refinancing or replacement, and (D) the direct and contingent obligors therefore shall not be changed, as a result of or connection with such refinancing or replacement; (x) guarantees permitted under Section 6.06; (xi) Indebtedness of any of the Borrower and the Guarantors consisting of take-or-pay obligations contained in supply agreements entered into in the ordinary course of business and consistent with past practices of the Borrower and the Guarantors; (xii) Indebtedness of any of the Borrower and the Guarantors arising in the ordinary course of business and consistent with the past practices of the relevant party and owing to Citibank, N.A. and its banking Affiliates providing netting services with respect to intercompany Indebtedness permitted to be incurred and outstanding pursuant to this Agreement so long as such Indebtedness does not remain outstanding for more than three days from the date of its incurrence; (xiii) Indebtedness of any of the Borrower and the Guarantors to credit card processors in connection with credit card processing services incurred in ordinary course of business and consistent with past practices of the Borrower and the Guarantors; and (xiv) other Indebtedness incurred subsequent to the Filing Date in an aggregate amount not to exceed $10,000,000.

SECTION 6.04 **Capital Expenditures**. Make Capital Expenditures for each fiscal quarter ending on the dates listed below in an aggregate amount in excess of the amount listed below opposite such date, provided, that if the amount of the actual Capital Expenditures that are made during any fiscal quarter is less than such amount, 50% of the unused portion thereof may be carried forward to and made only during the immediately following fiscal quarter and any such amount carried forward shall be deemed to be the first portion spent:

Fiscal Quarter Ending	Capital Expenditures
March 31, 2003	$110,000,000
June 30, 2003	$110,000,000
September 30, 2003	$116,000,000
December 31, 2003	$142,000,000
March 31, 2004	$100,000,000
June 30, 2004	$100,000,000

SECTION 6.05 **EBITDAR**.

(a) Permit cumulative consolidated EBITDAR for each fiscal period beginning on December 1, 2002 and ending in each case on the last day of each fiscal month ending on the dates listed below to be less than the amount specified opposite such date:

Month	EBITDAR
February 28, 2003	$(964,000,000)
March 31, 2003	$(881,000,000)
April 30, 2003	$(849,000,000)
May 31, 2003	$(738,000,000)
June 30, 2003	$(585,000,000)
July 31, 2003	$(448,000,000)
August 31, 2003	$(219,000,000)
September 30, 2003	$(98,000,000)
October 31, 2003	$46,000,000
November 30, 2003	$112,000,000

(b) Permit cumulative consolidated EBITDAR for each rolling twelve (12) fiscal month period ending on the dates listed below to be less than the amount listed opposite such month:

Month	EBITDAR
December 31, 2003	$575,000,000
January 31, 2004	$901,000,000
February 28, 2004	$1,084,000,000
March 31, 2004	$1,196,000,000
April 30, 2004	$1,297,000,000
May 31, 2004	$1,383,000,000

SECTION 6.06 **Guarantees and Other Liabilities**. Purchase or repurchase (or agree, contingently or otherwise, so to do) the Indebtedness of, or assume, guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance of any obligation or capability of so doing, or otherwise), endorse or otherwise become liable, directly or indirectly, in connection with the obligations, stock or dividends of any Person, except (i) for any guaranty of Indebtedness or other obligations of any Borrower or Guarantor if the Guarantor could have incurred such Indebtedness or obligations under this Agreement, (ii) by endorsement of negotiable instruments for deposit or collection in the ordinary course of business, (iii) to the extent existing on the Filing Date, (iv) any guaranty of Indebtedness of joint ventures of the Borrower and the Guarantors in an aggregate amount, together with the Investments permitted by Section 6.10(xi), not to exceed $5,000,000 and (v) any other guaranty by the Borrower and the Guarantors in an aggregate amount not to exceed $5,000,000.

SECTION 6.07 **Chapter 11 Claims**. Incur, create, assume, suffer to exist or permit any other Super-priority Claim which is pari passu with or senior to the claims of the Agents and the Lenders against the Borrower and the Guarantors hereunder, except for the Carve-Out and the Superpriority Claim granted to Bank One and the Bank One DIP Lenders in connection with the Bank One DIP.

SECTION 6.08 **Dividends; Capital Stock**. Declare or pay, directly or indirectly, any dividends or make any other distribution or payment, whether in cash, property, securities or a combination thereof, with respect to (whether by reduction of capital or otherwise) any shares of capital stock (or any options, warrants, rights or other equity securities or agreements relating to any capital stock), or set apart any sum for the aforesaid purposes, provided, that (i) any Guarantor other than the Parent may

pay dividends to the Borrower or another Guarantor and (ii) the Borrower and any Guarantor (other than the Parent) may pay dividends or make other distributions or payments to the Parent for corporate expenses, including, without limitation, taxes and salaries.

SECTION 6.09 **Transactions with Affiliates**. Sell or transfer any property or assets to, or otherwise engage in any other material transactions with, any of its Affiliates (other than the Borrower and the Guarantors) or such Affiliates' shareholders, other than transactions (i) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Guarantor than could be obtained on an arm's-length basis from unrelated third parties and investments in non-Guarantor Subsidiaries of the Borrower that are permitted hereunder, (ii) transactions permitted in the Loan Documents and the transactions contemplated thereby, (iii) reasonable and customary fees and compensation paid to, and indemnity provided on behalf of, officers, directors or employees of the Borrower or any Guarantor and (iv) any dividends, other distributions or payments permitted by Section 6.08(ii).

SECTION 6.10 **Investments, Loans and Advances**. Purchase, hold or acquire any capital stock, evidences of indebtedness or other securities of, make or permit to exist any loans or advances to, or make or permit to exist any investment in, any other Person (all of the foregoing, "Investments"), except for: (i) ownership by the Parent of the capital stock of the Borrower or any Guarantor, as listed on Schedule 3.06, (ii) ownership by the Borrower and the Guarantors of the capital stock of each of the Subsidiaries listed on Schedule 3.06; (iii) Permitted Investments; (iv) advances and loans among the Borrower and the Guarantors in the ordinary course of business; (v) Investments in the Escrow Accounts and other trust accounts; (vi) Investments existing on the Filing Date and described on Schedule 6.10 hereto; (vii) Investments in connection with (A) currency swap agreements, currency future or option contracts and other similar agreements designed to hedge against fluctuations in foreign interest rates and currency values, (B) interest rate swap, cap or collar agreements and interest rate future or option contracts, and (C) fuel hedges and other derivatives contracts, in each case to the extent that such agreement or contract is permitted by order of the Bankruptcy Court and by Section 6.03 and entered into in the ordinary course of business consistent with past practices; (viii) investments received in settlement of amounts due to any of the Borrower and the Guarantors effected in the ordinary course of business (including as a result of dispositions permitted by this Agreement); (ix) Investments in an amount not to exceed $10,000,000 in the aggregate in travel or airline related businesses made in connection with marketing and promotion agreements, alliance agreements, distribution agreement, agreements with respect to fuel consortiums, agreements relating to flight training, agreement relating to insurance arrangements, agreement relating to parts management systems and other similar agreements; (x) advances to officers, directors and employees of the Borrower and the Guarantors in an aggregate not to exceed (A) $10,000 at any time outstanding to any individual officer, director or employee or (B) $500,000 in the aggregate at any time outstanding for all such advances; (xi) additional Investments in joint ventures listed on Schedule 6.10 or Investments in new joint ventures made after the Filing Date in an aggregate amount thereof at any one time not to exceed $10,000,000 for all Investments made pursuant to this clause together with any guaranty of Indebtedness pursuant to Section 6.06(iv); (xii) Investments held or invested in by any of the Borrower and the Guarantors in the form of foreign cash equivalents in the ordinary course of business and consistent with past practices of the Borrower and the Guarantors; (xiii) Investments by the Borrower and the Guarantors not otherwise permitted under this Agreement in an aggregate amount not to exceed $5,000,000; and (xiv) advances to officers, directors and employees of the Borrower and the Guarantors in connection with relocation expenses or signing bonuses for newly hired officers, directors or employees of the Borrower and the Guarantors. The term "Investments" shall not include deposits to secure the performance of leases.

SECTION 6.11 **Disposition of Assets**. Sell or otherwise dispose of any assets (including, without limitation, the capital stock of any Subsidiary), or permit any of their Subsidiaries that are not Guarantors so to do, except for: (i) sales or dispositions of assets (not including (A) aircraft, engines, spare engines or spare parts or (B) Slots, Foreign Slots, Routes, Supporting Route Facilities or Gate Leaseholds, the disposition of which assets referred to in this clause (B) shall be in accordance with clause (xi) of this Section) in the ordinary course of business; (ii) sales or dispositions of surplus, obsolete, negligible or uneconomical assets (including, without limitation, aircraft, engines, spare engines and spare parts, but excluding Slots, Foreign Slots, Routes, Supporting Route Facilities and Gate Leaseholds) no longer used in the business of the Borrower and the Guarantors; (iii) sales or dispositions of assets among the Borrower and the Guarantors; (iv) sales or dispositions of assets set forth on Schedule 6.11 hereto; (v) sales or dispositions in arm's length transactions, at fair market value and for cash in an aggregate amount not to exceed $5,000,000; (vi) abandonment and licensing (or sublicensing) of intellectual property Collateral provided, that such abandonment and licensing (or sublicensing) is (A) consistent with past practices and (B) with respect to intellectual property that is not material to the business of the Borrower and the Guarantors; (vii) dispositions of assets located outside of the United States in an amount not to exceed $2,000,000; (viii) termination or rejection of any lease or the return, surrender or abandonment of any property subject thereto; (ix) the sale or discount of accounts receivable to a collection agency in connection with collections of delinquent receivables; (x) sales and dispositions of equipment, to the extent that (A) such property is exchanged for credit against the purchase price of similar replacement property or (B) the proceeds of such sale or disposition are promptly applied to the purchase price of such replacement property, provided, that any sale or disposition of Mortgaged Collateral shall only be in accordance with terms of the Aircraft Mortgage; (xi) dispositions permitted by any of the Loan Documents; (xii) sales, exchanges and swaps of engines and spare parts in the ordinary course of business and consistent with past practice and to the extent permitted by the Loan Documents; and (xiii) sales and dispositions of Section 1110 Assets.

SECTION 6.12 **Nature of Business**. Enter into any business that is materially different from those conducted by the Borrower and the Guarantors on the Filing Date except as required by the Bankruptcy Code.

SECTION 6.13 **Minimum Cash**. Permit cash and cash equivalents (net of cash maintained in the Escrow Accounts) to be less than $200,000,000 at any time.

SECTION 6.14 **Modification of Bank One DIP**. Enter into or permit any material amendment or modification to the Bank One DIP (including, without limitation, any modification of the amortization schedule set forth therein) that the

Required Lenders reasonably determine would adversely affect their interests.

SECTION 7. EVENTS OF DEFAULT

SECTION 7.01 **Events of Default**. In the case of the happening of any of the following events and the continuance thereof beyond the applicable period of grace if any (each, an "Event of Default"):

(a) any representation or warranty made by the Borrower or any Guarantor in this Agreement or in any Loan Document or in connection with this Agreement or the credit extensions hereunder or any statement or representation made in any report, financial statement, certificate or other document furnished by the Borrower or any Guarantors to the Lenders under or in connection with this Agreement, shall prove to have been false or misleading in any material respect when made or delivered; or

(b) default shall be made in the payment of any (i) Fees or interest on the Loans and such default shall continue unremedied for more than two (2) Business Days, (ii) other amounts payable when due (other than amounts set forth in clauses (i) and (iii) hereof), and such default shall continue unremedied for more than five (5) Business Days or (iii) principal of the Loans or reimbursement obligations or cash collateralization in respect of Letters of Credit, when and as the same shall become due and payable, whether at the due date thereof (including the Prepayment Date) or at a date fixed for prepayment thereof or by acceleration thereof or otherwise; or

(c) default shall be made by the Borrower or any Guarantor in the due observance or performance of any covenant, condition or agreement contained in Section 6; or

(d) default shall be made by the Borrower or any Guarantor in the due observance or performance of any other covenant, condition or agreement to be observed or performed pursuant to the terms of this Agreement, any of the Orders or any of the other Loan Documents and such default shall continue unremedied for more than ten (10) days; or

(e) any of the Cases shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code or the Borrower or any Guarantor shall file a motion or other pleading seeking the dismissal of any of the Cases under Section 1112 of the Bankruptcy Code or otherwise; a trustee under Chapter 7 or Chapter 11 of the Bankruptcy Code, a responsible officer or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code shall be appointed in any of the Cases and the order appointing such trustee, responsible officer or examiner shall not be reversed or vacated within 30 days after entry thereof; the Borrower's Board of Directors shall authorize a liquidation of the Borrower's business; or an application shall be filed by the Borrower or any Guarantor for the approval of any other Superpriority Claim (other than the Carve-Out and the Superpriority Claim granted to Bank One and the Bank One DIP Lenders in connection with the Bank One DIP) in any of the Cases which is pari passu with or senior to the claims of the Agents and the Lenders against the Borrower or any Guarantor hereunder, or there shall arise or be granted any such pari passu or senior Superpriority Claim; or

(f) any event or condition permitting acceleration of amounts outstanding under the Bank One DIP shall have occurred and be continuing; or

(g) the Bankruptcy Court shall enter an order or orders granting relief from the automatic stay applicable under Section 362 of the Bankruptcy Code to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of the Borrower or any of the Guarantors which have a value in excess of $10,000,000 in the aggregate (it being understood that the relinquishment by the Borrower or Guarantors of Section 1110 Assets, or the foreclosure of security interests in Section 1110 Assets (or in property in the possession of the applicable secured party) as to which defaults have not been cured pursuant to Section 1110 of the Bankruptcy Code, shall not be considered to be included in this paragraph); or

(h) a Change of Control shall occur; or

(i) the Borrower shall fail to deliver a certified Borrowing Base Certificate when due and such default shall continue unremedied for more than three (3) Business Days; or

(j) any material provision of any Loan Document shall, for any reason, cease to be valid and binding on the Borrower or any of the Guarantors, or the Borrower or any of the Guarantors shall so assert in any pleading filed in any court or any material portion of any Lien (as reasonably determined by the Agents) intended to be created by the Loan Documents or the Orders shall cease to be or shall not be a valid and perfected Lien having the priorities contemplated hereby or thereby; or

(k) an order of the Bankruptcy Court shall be entered reversing, staying for a period in excess of 10 days, vacating or (without the written consent of the Required Lenders) otherwise amending, supplementing or modifying in a manner adverse to the Lenders any of the Orders or any Loan Document; or

(l) any judgment or order as to a post-petition liability or debt for the payment of money in excess of $10,000,000 not covered by insurance shall be rendered against the Borrower or any of the Guarantors and the enforcement thereof shall not have been stayed, vacated or discharged within 30 days; or

(m) any non-monetary judgment or order with respect to a post-petition event shall be rendered against the Borrower or any of the Guarantors which does or would reasonably be expected to (i) cause a material adverse change in the financial condition, business, prospects, operations or assets of the Borrower and the Guarantors taken as a whole on a consolidated basis, (ii) have a material adverse effect on the ability of the Borrower or any of the Guarantors to perform their respective obligations under any Loan

Document, or (iii) have a material adverse effect on the rights and remedies of the Agents or any Lender under any Loan Document, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(n) the Borrower or any Guarantor shall make any Pre-Petition Payment (including, without limitation, reclamation claims) other than payments (i) authorized by the Bankruptcy Court pursuant to "first-day" or other orders reasonably satisfactory to the Initial Lenders in amounts approved by the Bankruptcy Court in respect of (A) accrued payroll and related expenses as of the commencement of the Cases or (B) certain critical vendors and other creditors, (ii) made pursuant to Section 1110 of the Bankruptcy Code or (iii) in connection with the assumption of executory contracts and unexpired leases; or

(o) any Termination Event described in clauses (iii) or (iv) of the definition of such term shall have occurred and shall continue unremedied for more than 10 days; or

(p) (i) the Borrower or any ERISA Affiliate thereof shall have been notified by the sponsor or trustee of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) the Borrower or such ERISA Affiliate does not have reasonable grounds, in the opinion of the Agent, to contest such Withdrawal Liability and is not in fact contesting such Withdrawal Liability in a timely and appropriate manner, and (iii) the amount of such Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date of such notification), exceeds $10,000,000 allocable to post-petition obligations or requires payments exceeding $1,000,000 per annum in excess of the annual payments made with respect to such Multiemployer Plans by the Borrower or such ERISA Affiliate for the plan year immediately preceding the plan year in which such notification is received; or

(q) the Borrower or any ERISA Affiliate thereof shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years that include the date hereof by an amount exceeding $10,000,000; or

(r) the Borrower or any ERISA Affiliate shall have committed a failure described in Section 302(f)(1) of ERISA (other than the failure to make any contribution accrued and unpaid as of the Filing Date or any contribution waived in accordance with the grant of a minimum funding waiver under Section 303 of ERISA or Section 412(d) of the Code) and the amount determined under Section 302(f)(3) of ERISA is equal to or greater than $10,000,000; or

(s) it shall be determined (whether by the Bankruptcy Court or by any other judicial or administrative forum) that the Borrower or any Guarantor is liable for the payment of claims arising out of any failure to comply (or to have complied) with applicable federal or state environmental laws or regulations the payment of which will have a material adverse effect on the financial condition, business, properties, operations, assets or prospects of the Borrower or the Guarantors, taken as a whole, and the enforcement thereof shall not have been stayed, vacated or discharged within 30 days; or

(t) (i) During the first month of any two-month FAA slot reporting period, 50% or more of the Slots are not utilized 80% or more over such period or (ii) during the two-month FAA slot reporting period, the Borrower fails to satisfy the Use or Lose Rule with respect to 20% of the Slots at DCA and LGA; or

(u) The Borrower loses its material rights in and to use any of its Primary Routes, Primary Foreign Slots, and/or Supporting Route Facilities for the Primary Routes, other than (i) in cases where the Primary Routes, Primary Foreign Slots and/or Supporting Route Facilities for the Primary Routes are transferred or otherwise disposed of as permitted in this Agreement or the SGR Security Agreement or (ii) in cases where the Collateral Agent has provided prior written consent to the loss of such material rights;

then, and in every such event and at any time thereafter during the continuance of such event, and without further order of or application to the Bankruptcy Court, either Agent (in consultation with the other Agent) may, and at the request of the Required Lenders, the Agents shall, by notice to the Borrower (with a copy to counsel for the Official Creditors' Committee appointed in the Cases, and to the United States Trustee for the Northern District of Illinois), take one or more of the following actions, at the same or different times (provided, that with respect to clause (iv) below and the enforcement of Liens or other remedies with respect to the Collateral under clause (v) below, the Agents shall provide the Borrower and its counsel (with a copy to counsel for the Official Creditors' Committee in the Cases, and to the United States Trustee for the District in which the Cases are pending), with five (5) Business Days' written notice prior to taking the action contemplated thereby and provided, further, that upon receipt of notice referred to in the immediately preceding clause with respect to the accounts referred to in clause (iv) below, the Borrower may continue to make ordinary course and Carve-Out disbursements from such accounts (other than the Letter of Credit Account) but may not withdraw or disburse any other amounts from such accounts; in any hearing after the giving of the aforementioned notice, the only issue that may be raised by any party in opposition thereto being whether, in fact, an Event of Default has occurred and is continuing): (i) terminate forthwith the Total Commitment; (ii) declare the Loans then outstanding to be forthwith due and payable, whereupon the principal of the Loans together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower and the Guarantors, anything contained herein or in any other Loan Document to the contrary notwithstanding; (iii) require the Borrower and the Guarantors upon written demand to forthwith deposit in the Letter of Credit Account cash in an amount which, together with any amounts then held in the Letter of Credit Account, is equal to the sum of 105% of the then Letter of Credit Outstandings (and to the extent the Borrower and the Guarantors shall fail to furnish such funds as demanded by either Agent (in consultation with the other Agent), the Agents shall be authorized to debit the accounts of the Borrower and the Guarantors maintained with the Agents in such amount five (5) Business Days after the giving of the notice referred to above); (iv) set-off amounts in the Letter of Credit Account or any other accounts maintained with the Agents or the Collateral Agent (or any of their respective affiliates) and apply such amounts to the obligations of the Borrower

and the Guarantors hereunder and in the other Loan Documents; and (v) exercise any and all remedies under the Loan Documents and under applicable law available to the Agents, the Collateral Agent and the Lenders.

SECTION 8. **THE AGENTS**

SECTION 8.01 **Administration by Agents**. The general administration of the Loan Documents shall be by the Agents. Each Lender hereby irrevocably authorizes the Agents, at their discretion, to take or refrain from taking such actions as agent on its behalf and to exercise or refrain from exercising such powers under the Loan Documents as are delegated by the terms hereof or thereof, as appropriate, together with all powers reasonably incidental thereto (including the release of Collateral in connection with any transaction that is expressly permitted by the Loan Documents). The Agents and the Collateral Agent shall have no duties or responsibilities except as set forth in this Agreement and the remaining Loan Documents.

SECTION 8.02 **Advances and Payments**.

(a) On the date of each Loan to be made in accordance with the terms hereof, the Paying Agent shall be authorized (but not obligated) to advance, for the account of each of the Lenders, the amount of the Loan to be made by it in accordance with its Tranche A Commitment or Tranche B Commitment (as the case may be) hereunder. Should the Paying Agent do so, each of the Lenders agrees forthwith to reimburse the Paying Agent in immediately available funds for the amount so advanced on its behalf by the Agent, together with interest at the Federal Funds Effective Rate if not so reimbursed on the date due from and including such date but not including the date of reimbursement.

(b) Any amounts received by the Paying Agent in connection with this Agreement (other than amounts to which the Paying Agent or the Agents or the Collateral Agent are entitled pursuant to Sections 2.19, 8.06, 10.05 and 10.06), the application of which is not otherwise provided for in this Agreement shall be applied, first, in accordance with each Lender's Total Commitment Percentage to pay accrued but unpaid expenses, Commitment Fees or Letter of Credit Fees, and second, in accordance with each Lender's Total Commitment Percentage to pay accrued but unpaid interest and the principal balance outstanding with respect to the Tranche A Loans and the Tranche B Loans and all unreimbursed Letter of Credit drawings and to cash collateralization of Letters of Credit. All amounts to be paid to a Lender by the Paying Agent shall be credited to that Lender, after collection by the Paying Agent, in immediately available funds either by wire transfer or deposit in that Lender's correspondent account with the Paying Agent, as such Lender and the Paying Agent shall from time to time agree.

SECTION 8.03 **Sharing of Setoffs**. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower, or otherwise, obtain payment in respect of its Loans as a result of which the unpaid portion of its Loans is proportionately less than the unpaid portion of the Loans of any other Lender (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Lender a participation in the Loans of such other Lender, so that the aggregate unpaid principal amount of each Lender's Loans and its participation in Loans of the other Lenders shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to the obtaining of such payment was to the principal amount of all Loans outstanding prior to the obtaining of such payment and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Lenders share such payment pro-rata, provided that if any such non-pro-rata payment is thereafter recovered or otherwise set aside such purchase of participations shall be rescinded (without interest). The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding (or deemed to be holding) a participation in a Loan may exercise any and all rights of banker's lien, setoff (in each case, subject to the same notice requirements as pertain to clause (iv) of the remedial provisions of Section 7.01) or counterclaim with respect to any and all moneys owing by the Borrower to such Lender as fully as if such Lender were the original obligee thereon, in the amount of such participation.

SECTION 8.04 **Agreement of Requisite Lenders**. Upon any occasion requiring or permitting an approval, consent, waiver, election or other action on the part of the applicable percentage of Lenders, action shall be taken by (x) the Agents or, (y) in the case of certain action in respect of enforcement of remedies against the Collateral by the Collateral Agent, in either case for and on behalf or for the benefit of all Lenders, upon the direction of the applicable percentage of Lenders, and any such action shall be binding on all Lenders. No amendment, modification, consent, or waiver shall be effective except in accordance with the provisions of Section 10.10.

SECTION 8.05 **Liability of Agents**.

(a) The Agents, Collateral Agent and Paying Agent, when acting on behalf of the Lenders, may execute any of their respective duties under this Agreement by or through any of their respective officers, agents, and employees, and none of such agents nor any of their directors, officers, agents, employees or Affiliates shall be liable to the Lenders or any of them for any action taken or omitted to be taken in good faith, or be responsible to the Lenders or to any of them for the consequences of any oversight or error of judgment, or for any loss, unless the same shall happen through its gross negligence or willful misconduct. The Agents, Collateral Agent and Paying Agent, and their respective directors, officers, agents, employees and Affiliates shall in no event be liable to the Lenders or to any of them for any action taken or omitted to be taken by them pursuant to instructions received by them from the Required Lenders (or any other applicable percentage of Lenders set forth in Section 10.10) or in reliance upon the advice of counsel selected by it. Without limiting the foregoing, none of the Agents, Collateral Agent and Paying Agent nor any of their respective directors, officers, employees, agents or Affiliates shall be responsible to any Lender for the due execution, validity, genuineness, effectiveness, sufficiency, or enforceability of, or for any statement, warranty, or representation in, this Agreement, any Loan Document or any related agreement, document or order, or shall be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower or any Guarantor of any of the terms, conditions, covenants, or agreements of this Agreement or any of the Loan Documents.

(b) None of the Agents, Collateral Agent and Paying Agent nor any of their respective directors, officers, employees, agents or Affiliates shall have any responsibility to the Borrower or the Guarantors on account of the failure or delay in performance or breach by any Lender or by the Borrower or the Guarantors of any of their respective obligations under this Agreement or any of the Loan Documents or in connection herewith or therewith.

(c) The Agents, Collateral Agent and Paying Agent, in their respective agency capacities hereunder, shall be entitled to rely on any communication, instrument, or document reasonably believed by such person to be genuine or correct and to have been signed or sent by a person or persons believed by such person to be the proper person or persons, and such person shall be entitled to rely on advice of legal counsel, independent public accountants, and other professional advisers and experts selected by such person.

SECTION 8.06 **Reimbursement and Indemnification**. Each Lender agrees promptly upon demand (i) to reimburse (x) the Agents (and the Collateral Agent and Paying Agent) for such Lender's Total Commitment Percentage of any expenses and fees incurred for the benefit of the Lenders under this Agreement and any of the Loan Documents, including, without limitation, counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, and any other expense incurred in connection with the operations or enforcement thereof not reimbursed by the Borrower or the Guarantors and (y) the Agents (and the Collateral Agent and Paying Agent) for such Lender's Total Commitment Percentage of any expenses of the Agents (or the Collateral Agent and Paying Agent) incurred for the benefit of the Lenders that the Borrower has agreed to reimburse pursuant to Section 10.05 and has failed to so reimburse and (ii) to indemnify and hold harmless the Agents, the Collateral Agent and Paying Agent and any of their directors, officers, employees, agents or Affiliates, on demand, in the amount of its proportionate share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against it or any of them in any way relating to or arising out of this Agreement or any of the Loan Documents or any action taken or omitted by it or any of them under this Agreement or any of the Loan Documents to the extent not reimbursed by the Borrower or the Guarantors (except such as shall result from their respective gross negligence or willful misconduct).

SECTION 8.07 **Rights of Agents**. For so long as JPMorgan Chase or CUSA is a Lender, it is understood and agreed that JPMorgan Chase or CUSA shall have the same rights and powers hereunder (including the right to give such instructions) as the other Lenders and may exercise such rights and powers, as well as its rights and powers under other agreements and instruments to which it is or may be party, and engage in other transactions with the Borrower or any Guarantor, as though it were not an agent of the Lenders under this Agreement.

SECTION 8.08 **Independent Lenders**. Each Lender acknowledges that it has decided to enter into this Agreement and to make the Loans hereunder based on its own analysis of the transactions contemplated hereby and of the creditworthiness of the Borrower and the Guarantors and agrees that the Agents shall bear no responsibility therefor.

SECTION 8.09 **Notice of Transfer**. The Paying Agent may deem and treat a Lender party to this Agreement as the owner of such Lender's portion of the Loans for all purposes, unless and until an Assignment and Acceptance with respect thereto has been accepted and recorded by the Paying Agent in accordance with Section 10.03(b).

SECTION 8.10 **Successor Agents**. Either of the Agents or the Paying Agent may resign at any time by giving written notice thereof to the Lenders, the other Agent and the Borrower. Upon such resignation by an Agent (or by an Agent and the Paying Agent), the other Agent shall become the sole Agent hereunder. Upon any resignation by the remaining Agent, the Required Lenders shall have the right to appoint a successor for such Agent, which shall be reasonably satisfactory to the Borrower. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment, within 30 days after the retiring agent's giving of notice of resignation, the retiring agent may, on behalf of the Lenders, appoint a successor agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of a least $100,000,000, which shall be reasonably satisfactory to the Borrower. Upon the acceptance of any appointment as agent hereunder by a successor agent, such successor agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring agent, and the retiring agent shall be discharged from its duties and obligations under this Agreement. After any retiring agent's resignation hereunder as agent, the provisions of this Section 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was agent under this Agreement.

SECTION 9. GUARANTY

SECTION 9.01 **Guaranty**.

(a) Each of the Guarantors unconditionally and irrevocably guarantees the due and punctual payment by the Borrower of the Obligations. Each of the Guarantors further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and it will remain bound upon this guaranty notwithstanding any extension or renewal of any of the Obligations. The Obligations of the Guarantors shall be joint and several.

(b) Each of the Guarantors waives presentation to, demand for payment from and protest to the Borrower or any other Guarantor, and also waives notice of protest for nonpayment. The Obligations of the Guarantors hereunder shall not be affected by (i) the failure of the Agent or a Lender to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Guarantor under the provisions of this Agreement or any other Loan Document or otherwise; (ii) any extension or renewal of any provision hereof or thereof; (iii) any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of any of the Loan Documents; (iv) the release, exchange, waiver or foreclosure of any security held by the Collateral Agent for the Obligations or any of them; (v) the failure of the Collateral Agent or a Lender to exercise any right or remedy against any other Guarantor; or (vi) the release or substitution of any Guarantor or any other Guarantor.

(c) Each of the Guarantors further agrees that this guaranty constitutes a guaranty of payment when due and not just of collection, and waives any right to require that any resort be had by the Agents, the Collateral Agent or a Lender to any security held for payment of the Obligations or to any balance of any deposit, account or credit on the books of the Agents, the Collateral Agent or a Lender in favor of the Borrower or any other Guarantor, or to any other Person.

(d) Each of the Guarantors hereby waives any defense that it might have based on a failure to remain informed of the financial condition of the Borrower and of any other Guarantor and any circumstances affecting the ability of the Borrower to perform under this Agreement.

(e) Each Guarantor's guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any other instrument evidencing any Obligations, or by the existence, validity, enforceability, perfection, or extent of any collateral therefor or by any other circumstance relating to the Obligations which might otherwise constitute a defense to this Guaranty. None of the Agents, the Collateral Agent, nor any of the Lenders makes any representation or warranty in respect to any such circumstances or shall have any duty or responsibility whatsoever to any Guarantor in respect of the management and maintenance of the Obligations.

(f) Subject to the provisions of Section 7.01, upon the Obligations becoming due and payable (by acceleration or otherwise), the Lenders shall be entitled to immediate payment of such Obligations by the Guarantors upon written demand by the Agents, without further application to or order of the Bankruptcy Court.

SECTION 9.02 **No Impairment of Guaranty**. The obligations of the Guarantors hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including, without limitation, any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations. Without limiting the generality of the foregoing, the obligations of the Guarantors hereunder shall not be discharged or impaired or otherwise affected by the failure of the Agents, the Collateral Agent or a Lender to assert any claim or demand or to enforce any remedy under this Agreement or any other agreement, by any waiver or modification of any provision hereof or thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Guarantors or would otherwise operate as a discharge of the Guarantors as a matter of law, unless and until the Obligations are paid in full (other than contingent indemnification obligations as to which no claim giving rise thereto has been asserted).

SECTION 9.03 **Subrogation**. Upon payment by any Guarantor of any sums to the Agents, the Collateral Agent or a Lender hereunder, all rights of such Guarantor against the Borrower arising as a result thereof by way of right of subrogation or otherwise, shall in all respects be subordinate and junior in right of payment to the prior final and indefeasible payment in full of all the Obligations. If any amount shall be paid to such Guarantor for the account of the Borrower, such amount shall be held in trust for the benefit of the Paying Agent and the Lenders and shall forthwith be paid to the Paying Agent and the Lenders to be credited and applied to the Obligations, whether matured or unmatured.

SECTION 10. **MISCELLANEOUS**

SECTION 10.01 **Notices**. Notices and other communications provided for herein shall be in writing (including facsimile communication) and shall be mailed, transmitted by facsimile or delivered to the Borrower or any Guarantor at United Air Lines, 1200 Algonquin Road, Elk Grove Village, Illinois 60007, Attention: Fredric F. Brace, with a copy to Kirkland & Ellis, 200 East Randolph Drive, Chicago, Illinois 60601, Attention: James H.M. Sprayregen, P.C. and Linda K. Myers, and to a Lender or the Agents to them at their address set forth on Annex A, or such other address as such party may from time to time designate by giving written notice to the other parties hereunder. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the fifth Business Day after the date when sent by registered or certified mail, postage prepaid, return receipt requested, if by mail; or when receipt is acknowledged, if by any facsimile equipment of the sender; or the Business Day following the day on which the same has been delivered to a reputable national overnight air courier service; in each case addressed to such party as provided in this Section 10.01 or in accordance with the latest unrevoked written direction from such party; provided, however, that in the case of notices to the Agents notices pursuant to the preceding sentence with respect to change of address and pursuant to Section 2 shall be effective only when received by the Agent.

SECTION 10.02 **Survival of Agreement, Representations and Warranties, etc**. All warranties, representations and covenants made by the Borrower or any Guarantor herein or in any certificate or other instrument delivered by it or on its behalf in connection with this Agreement shall be considered to have been relied upon by the Lenders and shall survive the making of the Loans herein contemplated regardless of any investigation made by any Lender or on its behalf and shall continue in full force and effect so long as any amount due or to become due hereunder is outstanding and unpaid (other than contingent indemnification obligations as to which no claim giving rise thereto has been asserted) and so long as the Tranche A Commitments and Tranche B Commitments have not been terminated. All statements in any such certificate or other instrument shall constitute representations and warranties by the Borrower and the Guarantors hereunder with respect to the Borrower.

SECTION 10.03 **Successors and Assigns.**

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Agent and the Lenders and their respective successors and assigns. Neither the Borrower nor any of the Guarantors may assign or transfer any of their rights or obligations hereunder without the prior written consent of all of the Lenders. Each Lender may sell participations to any Person in all or part of any Loan, or all or part of its Tranche A Commitment or Tranche B Commitment (as the case may be), in which event, without limiting the foregoing, the provisions of Section 2.15 shall inure to the benefit of each purchaser of a participation (provided

that such participant shall look solely to the seller of such participation for such benefits and the Borrower's and the Guarantors' liability, if any, under Sections 2.15 and 2.18 shall not be increased as a result of the sale of any such participation) and the pro rata treatment of payments, as described in Section 2.17, shall be determined as if such Lender had not sold such participation. In the event any Lender shall sell any participation, such Lender shall retain the sole right and responsibility to enforce the obligations of the Borrower and each of the Guarantors relating to the Loans, including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement (provided that such Lender may grant its participant the right to consent to such Lender's execution of amendments, modifications or waivers which (i) reduce any Fees payable hereunder to the Lenders, (ii) reduce the amount of any scheduled principal payment on any Loan or reduce the principal amount of any Loan or the rate of interest payable hereunder or (iii) extend the maturity of the Borrower's obligations hereunder). The sale of any such participation shall not alter the rights and obligations of the Lender selling such participation hereunder with respect to the Borrower.

(b) Each Lender may assign to one or more Lenders or Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including, without limitation, all or a portion of its Tranche A Commitment or Tranche B Commitment (as the case may be) and the same portion of the related Loans at the time owing to it), provided, however, that (i) other than in the case of an assignment to a Person at least 50% owned by the assignor Lender, or to a Lender Affiliate of such assignor Lender, or by a common parent of both, or to another Lender, the Paying Agent (with the consent of the Agents) and the Fronting Bank must give their respective prior written consent to such assignment, which consent will not be unreasonably withheld, (ii) the aggregate amount of the Tranche A Commitment or Tranche B Commitment (as the case may be) and/or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Paying Agent) shall, unless otherwise agreed to in writing by the Borrower and the Agents, in no event be less than $1,000,000 or the remaining portion of such Lender's Tranche A Commitment or Tranche B Commitment (as the case may be) and/or Loans, if less and (iii) the parties to each such assignment shall execute and deliver to the Paying Agent, for its acceptance (with the consent of the Agents) and recording in the Register (as defined below), an Assignment and Acceptance with blanks appropriately completed, together with a processing and recordation fee of $3,500 (for which the Borrower shall have no liability). Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be within ten (10) Business Days after the execution thereof (unless otherwise agreed to in writing by the Agent), (A) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (B) the Lender thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, such Lender assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any of the other Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any of the other Loan Documents; (ii) such Lender assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any Guarantor or the performance or observance by the Borrower or any Guarantor of any of its obligations under this Agreement or any of the other Loan Documents or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement and the other Loan Documents, together with copies of the financial statements referred to in Section 3.05 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agents, such Lender assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Agent, the Collateral Agent and the Paying Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to such agents by the terms thereto, together with such powers as are reasonably incidental hereof; and (vi) such assignee agrees that it will perform in accordance with its terms all obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Paying Agent shall maintain at its office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders and the Tranche A Commitments or Tranche B Commitments (as the case may be) of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Guarantors, the Paying Agent and the Lenders shall treat each Person the name of which is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and the assignee thereunder together with the fee payable in respect thereto, the Paying Agent shall, if such Assignment and Acceptance has been completed with blanks appropriately filled and consented to by the Agents and the Fronting Bank (to the extent such consent is required hereunder), (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt written notice thereof to the Borrower (together with a copy thereof). No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.03, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower or any of the Guarantors furnished to such Lender by or on behalf of the Borrower or any of the Guarantors; provided that prior to any such disclosure, each such assignee or participant or proposed assignee or participant shall agree in writing to be bound by the provisions of Section 10.04.

(g) The Borrower hereby agrees, to the extent set forth in the Joint Commitment Letter, to actively assist and cooperate with the Agents in the Agents' efforts to sell participations herein (as described in Section 10.03(a)) and assign to one or more Lenders or Eligible Assignees a portion of its interests, rights and obligations under this Agreement (as set forth in Section 10.03(b)).

SECTION 10.04 **Confidentiality**. Each Lender agrees to keep any information delivered or made available to it by the Borrower or any of the Guarantors pursuant to this Agreement confidential from anyone other than persons employed or retained by such Lender who are or are expected to become engaged in evaluating, approving, structuring or administering the Loans and who are advised by such Lender of the confidential nature of such information; provided, that nothing herein shall prevent any Lender from disclosing such information (i) to any of its Affiliates or to any other Lender, provided such Affiliate agrees to keep such information confidential to the same extent required by the Lenders hereunder, (ii) upon the order of any court or administrative agency, (iii) upon the request or demand of any regulatory agency or authority, (iv) which has been publicly disclosed other than as a result of a disclosure by the Agents or any Lender which is not permitted by this Agreement, (v) in connection with any litigation to which the Agents, any Lender, or their respective Affiliates may be a party to the extent reasonably required, (vi) to the extent reasonably required in connection with the exercise of any remedy hereunder, (vii) to such Lender's legal counsel and independent auditors, and (viii) to any actual or proposed participant or assignee of all or part of its rights hereunder subject to the proviso in Section 10.03(f). Each Lender shall use commercially reasonable efforts to notify the Borrower of any required disclosure under clause (ii) of this Section.

SECTION 10.05 **Expenses**. Whether or not the transactions hereby contemplated shall be consummated, the Borrower and the Guarantors agree to pay all reasonable out-of-pocket expenses (promptly upon written demand, together with backup documentation reasonably supporting such reimbursement request) incurred by the Agents (including but not limited to the reasonable fees and disbursements of Morgan, Lewis & Bockius LLP, special counsel for the Agents, any other counsel that the Agents shall retain (including, without limitation, aviation counsel), the Appraisers and any other internal or third-party appraisers, consultants and auditors advising the Agents and the Joint Lead Arrangers) in connection with the preparation, execution, delivery and administration of this Agreement and the other Loan Documents, the making of the Loans and the issuance of the Letters of Credit, the perfection of the Liens contemplated hereby, the syndication of the transactions contemplated hereby, the reasonable and customary costs, fees and expenses (including, without limitation, internally allocated charges and expenses relating to the Agents' initial and ongoing Borrowing Base examinations) of the Agents in connection with its monthly and other periodic field examinations, appraisals and audits, monitoring of assets (including reasonable and customary internal collateral monitoring fees) and the reasonable fees and disbursements of respective counsel for, and other reasonable expenses of, each Joint Lead Arranger, Bank One, Banc One Capital Markets, Inc. and CIT Group (and their respective Lender Affiliates), and, following the occurrence of an Event of Default, all reasonable out-of-pocket expenses incurred by the Lenders, the Agents and the Collateral Agent in the enforcement or protection of the rights of any one or more of the Lenders, the Agents or the Collateral Agent in connection with this Agreement or the other Loan Documents, including but not limited to the reasonable fees and disbursements of any counsel for the Lenders, the Agents and the Collateral Agent. Such payments shall be made on the date of the Interim Order and thereafter on demand upon delivery of a statement setting forth such costs and expenses. Whether or not the transactions hereby contemplated shall be consummated, the Borrower and the Guarantors agree to reimburse the Agents, each Joint Lead Arranger, Bank One, Banc One Capital Markets, Inc. and CIT Group (and their respective Lender Affiliates) for the expenses set forth in the Joint Commitment Letter and the reimbursement provisions thereof are hereby incorporated herein by reference. The obligations of the Borrower and the Guarantors under this Section shall survive the termination of this Agreement and/or the payment of the Loans.

SECTION 10.06 **Indemnity**. The Borrower and each of the Guarantors agree to indemnify and hold harmless the Agents, the Joint Lead Arrangers, Bank One, Banc One Capital Markets, Inc., CIT Group, the Lenders and any Fronting Bank and their directors, officers, employees, agents, advisors, controlling persons and Affiliates (each an "Indemnified Party") from and against any and all expenses, losses, claims, damages and liabilities (including, without limitation, reasonable legal fees or other expenses) incurred by such Indemnified Party arising out of claims made by any Person in any way relating to the transactions contemplated hereby or the use of the proceeds of extensions of credit hereunder, but excluding therefrom all expenses, losses, claims, damages, and liabilities to the extent that they are determined by the final judgment of a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnified Party. No such Indemnified Party shall be liable for any special, indirect, consequential or punitive damages in connection with this Agreement, the other Loan Documents or the transaction contemplated hereby or thereby. The obligations of the Borrower and the Guarantors under this Section shall survive the termination of this Agreement and/or the payment of the Loans.

SECTION 10.07 **CHOICE OF LAW**. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL IN ALL RESPECTS BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND (TO THE EXTENT APPLICABLE) THE BANKRUPTCY CODE.

SECTION 10.08 **No Waiver**. No failure on the part of the Agents or the Collateral Agent or any of the Lenders to exercise, and no delay in exercising, any right, power or remedy hereunder or any of the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

SECTION 10.09 **Extension of Maturity**. Should any payment of principal of or interest or any other amount due hereunder become due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of principal, interest shall be payable thereon at the rate herein specified during such extension.

SECTION 10.10 **Amendments, etc**.

(a) No modification, amendment or waiver of any provision of this Agreement (including, without limitation, the provisions of Section 2.01(c)) or the Collateral Documents, and no consent to any departure by the Borrower or any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given; provided, however, that no such modification, amendment or waiver shall without the written consent of (1) the Required Lenders (including all of the Initial Lenders), amend, waive or modify any provision of this Agreement which requires the consent or approval of the Initial Lenders, (2) the Super-majority Lenders, (i) release a material portion (as determined by the Agents) of the Liens granted to the Collateral Agent hereunder, under the Orders or under the other Loan Documents or (ii) or amend or modify any provision of this Agreement which requires the consent or approval of the Super-majority Lenders, (3) Lenders having Tranche A Commitments and Tranche B Commitments representing at least 90% of the Total Commitment in the aggregate, (i) amend, waive or modify any condition to the initial extension of credit during Stage II as set forth in Section 4.02(h), (ii) increase the advance rate in the definition of the term "Borrowing Base" or add new asset categories to the Borrowing Base, or (iii) amend or modify any provision of this Agreement which requires the consent or approval of 90% of the Total Commitments, (4) Lenders and Bank One DIP Lenders representing at least 50% of the Combined DIP Total Commitment, waive or modify the covenants set forth in Sections 6.04, 6.05 and 6.13, (5) the Lender affected thereby (x) increase the Tranche A Commitment or Tranche B Commitment (as the case may be) of a Lender (it being understood that a waiver of an Event of Default shall not constitute an increase in the Tranche A Commitment or Tranche B Commitment (as the case may be) of a Lender), or (y) reduce the principal amount of any Loan or the rate of interest payable thereon, or extend any date for the payment of interest hereunder or reduce any Fees payable hereunder or extend the final maturity of the Borrower's obligations hereunder or (6) all of the Lenders (i) amend or modify any provision of this Agreement which requires the unanimous consent or approval of the Lenders, (ii) amend this Section 10.10 or the definition of Required Lenders, (iii) amend or modify the Superpriority Claim status of the Lenders contemplated by Section 2.23, or (iv) release all or substantially all of the Liens granted to the Collateral Agent hereunder, under the Orders or under any other Loan Document, or release all or substantially all of the Guarantors. No such amendment or modification may adversely affect the rights and obligations of the Agents or any Lender or any of their banking Affiliates in the capacity referred to in Section 6.03(vii) without its prior written consent. No notice to or demand on the Borrower or any Guarantor shall entitle the Borrower or any Guarantor to any other or further notice or demand in the same, similar or other circumstances. Each assignee under Section 10.03(b) shall be bound by any amendment, modification, waiver, or consent authorized as provided herein, and any consent by a Lender shall bind any Person subsequently acquiring an interest on the Loans held by such Lender. No amendment to this Agreement shall be effective against the Borrower or any Guarantor unless signed by the Borrower or such Guarantor, as the case may be.

(b) Notwithstanding anything to the contrary contained in Section 10.10(a), in the event that the Borrower requests that this Agreement be modified or amended in a manner which would require the unanimous consent of all of the Lenders and such modification or amendment is agreed to by the Super-majority Lenders, then with the consent of the Borrower and the Super-majority Lenders, the Borrower and the Super-majority Lenders shall be permitted to amend the Agreement without the consent of the Lender or Lenders which did not agree to the modification or amendment requested by the Borrower (such Lender or Lenders, collectively the "Minority Lenders") to provide for (w) the termination of the Tranche A Commitment or Tranche B Commitment (as the case may be) of each of the Minority Lenders, (x) the addition to this Agreement of one or more other financial institutions (each of which shall be an Eligible Assignee), or an increase in the Tranche A Commitment or Tranche B Commitment (as the case may be) of one or more of the Super-majority Lenders, so that the Total Commitment after giving effect to such amendment shall be in the same amount as the Total Commitment immediately before giving effect to such amendment, (y) if any Loans are outstanding at the time of such amendment, the making of such additional Loans by such new financial institutions or Super-majority Lender or Lenders, as the case may be, as may be necessary to repay in full the outstanding Loans (together with any accrued but unpaid interest, Fees or expenses) of the Minority Lenders immediately before giving effect to such amendment and (z) such other modifications to this Agreement as may be appropriate. As used herein, the term "Super-majority Lenders" shall mean, at any time, Lenders (including the Initial Lenders) having Tranche A Commitment and Tranche B Commitment representing at least $66^2/_3$% of the Total Commitment.

(c) Nothing contained in this Agreement shall prevent or limit any Lender from pledging all or any portion of that Lender's interest and rights under this Agreement and the other Loan Documents to any of the twelve Federal Reserve Banks organized under §4 of the Federal Reserve Act (12 U.S.C. §341), provided, however, neither such pledge nor the enforcement thereof shall release the pledging Lender from any of its obligations hereunder or under any of the Loan Documents.

SECTION 10.11 **Severability**. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.12 **Headings**. Section headings used herein are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 10.13 **Execution in Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same instrument.

SECTION 10.14 **Prior Agreements**. This Agreement represents the entire agreement of the parties with regard to the subject matter hereof and the terms of any letters and other documentation entered into between the Borrower or a Guarantor and any Lender or the Agents prior to the execution of this Agreement which relate to Loans to be made hereunder shall be replaced by the terms of this Agreement (except as otherwise expressly provided herein with respect to the Joint Commitment Letter and the fee letters referred to herein and therein, including without limitation, the Borrower's agreement to actively assist the Agents and the Initial Lenders in the syndication of the transactions contemplated hereby referred to in Section 10.03(g) and including also the provisions of Section 2.19).

SECTION 10.15 **Further Assurances**. Whenever and so often as reasonably requested by the Agents, the Borrower and the Guarantors will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things as may be necessary and reasonably required in order to further and more fully vest in the Agents all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred by this Agreement and the other Loan Documents.

SECTION 10.16 **WAIVER OF JURY TRIAL**. EACH OF THE BORROWER, THE GUARANTORS, THE AGENT AND EACH LENDER HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

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

BORROWER:

UNITED AIR LINES, INC.

By: /s/ Frederic F. Brace

Name: Frederic F. Brace

Title: Executive Vice President &
Chief Financial Officer

GUARANTOR:

UAL CORPORATION

By: /s/ Frederic F. Brace

Name: Frederic F. Brace

Title: Executive Vice President &
Chief Financial Officer

GUARANTOR:

UAL LOYALTY SERVICES, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

UAL COMPANY SERVICES, INC.

By: /s/ Frederic F. Brace

Name: Frederic F. Brace

Title: Vice President and Treasurer

GUARANTOR:

CONFETTI, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

MILEAGE PLUS HOLDINGS, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

MILEAGE PLUS MARKETING, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

MYPOINTS.COM, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

CYBERGOLD, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
ITARGET.COM, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
MYPOINTS OFFLINE SERVICES, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
UAL BENEFITS MANAGEMENT, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
UNITED BIZJET HOLDINGS, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
BIZ JET CHARTER, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,

General Counsel and Secretary

GUARANTOR:

BIZJET FRACTIONAL, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

BIZJET SERVICES, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

KION LEASING, INC.

By: /s/ Frederic F. Brace

Name: Frederic F. Brace

Title: President

GUARANTOR:

PREMIER MEETING AND TRAVEL SERVICES, INC.

By: /s/ Frederic F. Brace

Name: Frederic F. Brace

Title: Vice President and Treasurer

GUARANTOR:

UNITED AVIATION FUEL CORPORATION

By: /s/ Frederic F. Brace

Name: Frederic F. Brace

Title: Vice President and Treasurer

GUARANTOR:
UNITED COGEN, INC.

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

GUARANTOR:
MILEAGE PLUS, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

GUARANTOR:
UNITED GHS, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
UNITED WORLDWIDE CORPORATION

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
UNITED VACATIONS, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

GUARANTOR:
FOUR STAR LEASING, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
AIR WIS SERVICES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
AIR WISCONSIN, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
DOMICILE MANAGEMENT SERVICES, INC.

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

JPMORGAN CHASE BANK,
As a co-administrative agent and a Lender

By: /s/ John C. Riordan
Name: John C. Riordan
Title: Vice President

CITICORP USA, INC.
As a co-administrative agent and a Lender

By: /s/ James J. McCarthy
Name: James J. McCarthy

Title: Director and Vice President

BANKONE, NA
as a Lender

By: /s/ Joseph R. Learer
Name: Joseph R. Learer
Title: Managing Director

THE CIT GROUP/BUSINESS CREDIT, INC.
as a Lender

By: /s/ Allison Friedman
Name: Allison Friedman
Title: Vice President

ANNEX A

to

REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT

Dated as of December 24, 2002

Lender	Tranche A Commitment ($)	Tranche A Commitment Percentage (%)	Tranche B Commitment ($)	Tranche B Commitment Percentage (%)
JPMorgan Chase Bank 270 Park Avenue New York, New York 10017 Attn: Richard Thayer Managing Director	$ 200,000,000	25.0%	$ 100,000,000	25.0%
Citicorp USA, Inc. 388 Greenwich Street 19th Floor New York, New York 10013 Attn: James McCarthy Director	200,000,000	25.0	100,000,000	25.0
Bank One NA One Bank One Plaza Chicago, Illinois 60670 Attn: Paul C. Hennesy Managing Director	200,000,000	25.0	100,000,000	25.0

The CIT Group/Business Credit, Inc. 1211 Avenue of the Americas New York, New York 10036 Attn: Peter Skavla Senior Vice President	200,000,000	25.0	100,000,000	25.0
Total	$ 800,000,000	100.0%	$ 400,000,000	100.0%

EXECUTION VERSION

FIRST AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT

FIRST AMENDMENT, dated as of February 10, 2003 (the "Amendment"), to the REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT, dated as of December 24, 2002, among UNITED AIR LINES, INC., a Delaware corporation (the "Borrower"), a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code, UAL CORPORATION, a Delaware corporation and the parent company of the Borrower (the "Parent") and all of the direct and indirect subsidiaries of the Borrower and the Parent signatory hereto (the "Subsidiaries" and together with the Parent, each a "Guarantor" and collectively the "Guarantors"), each of which Guarantors referred to in this paragraph is a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code (the cases of the Borrower and the Guarantors, each a "Case" and collectively, the "Cases"), JPMORGAN CHASE BANK, a New York banking corporation ("JPMorgan Chase"), CITICORP USA, INC., a Delaware corporation ("CUSA"), BANK ONE, NA, a national banking corporation ("Bank One"), THE CIT GROUP/BUSINESS CREDIT, INC., a New York corporation ("CIT Group"), each of the other financial institutions from time to time party hereto (together with JPMorgan Chase, CUSA, Bank One and CIT Group, the "Lenders"), JPMORGAN CHASE BANK and CUSA, as co-administrative agents (together, the "Agents") for the Lenders and JPMORGAN CHASE BANK, as paying agent (in such capacity, the "Paying Agent") for the Lenders.

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantors, the Lenders, the Paying Agent and the Agents are parties to that certain Revolving Credit, Term Loan and Guaranty Agreement, dated as of December 24, 2002 (as the same may be amended, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower and the Guarantors have requested that from and after the Effective Date (as hereinafter defined) of this Amendment, the Credit Agreement be amended subject to and upon the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. As used herein, all terms that are defined in the Credit Agreement shall have the same meanings herein.

2. Section 1.01 of the Credit Agreement is hereby amended by inserting the following new definitions in appropriate alphabetical order:

"Borrowing Base Collateral" shall mean Mortgaged Collateral, Flight Simulators and QEC Kits.

"Eligible Borrowing Base Collateral Value" shall mean, at the time of any determination thereof, an amount equal to Adjusted Orderly Liquidation Value minus the Ineligible Collateral and Reserves Amount.

"Adjusted Orderly Liquidation Value" shall mean, at the time of any determination thereof, an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral, less an amount equal to the aggregate Orderly Liquidation Value of Borrowing Base Collateral sold or otherwise disposed of by the Borrower or any of the Guarantors since the date of the Current Appraisal hereinafter referred to most recently delivered to the Agents (such amount shall be determined by either Agent (in consultation with the other Agent) by estimating such Orderly Liquidation Value based on the most current appraisal of Collateral delivered pursuant to Section 4.01(h), 4.02(h) or 5.09, as the case may be (such appraisal, the "Current Appraisal")).

"Ineligible Collateral and Reserves Amount" shall mean, at the time of any determination thereof, the sum of each of the following, without duplication (at the time of each such determination, (x) each ineligible item described in clauses (a) through (o) shall be supported by the Borrower's internal financial books and records or estimated by the Borrower in a manner reasonably satisfactory to either Agent (in consultation with the other Agent) and (y) certain ineligibles and reserves will be based upon the Current Appraisal):

(a) an amount equal to any maintenance costs anticipated by the Borrower to be in excess of the amount thereof assumed in the Current Appraisal;

(b) an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral (including, without limitation, parked or stored aircraft (including aircraft temporarily out of service)), on an aggregate basis, stored at a location not owned by the Borrower or a Guarantor unless either Agent (in consultation with the other Agent) has consented to such storage location, in such Agent's sole commercially reasonable discretion;

(c) an amount equal to the amount by which the Orderly Liquidation Value of an aircraft has decreased (as reasonably determined by either Agent (in consultation with the other Agent and the Appraiser)) as a result of variations to aircraft reliability assumptions with respect to such aircraft in the Current Appraisal as set forth in the reliability report delivered in conjunction with the Borrowing Base Certificate in accordance with Schedule I of the most recent Borrowing Base Certificate;

(d) an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral located on vendor premises; provided, that at such time as the Agents have completed their due diligence and review of the Borrower's and the

Guarantors' current vendor liability related to maintenance or overhaul services provided on Eligible Borrowing Base Collateral and the Agents have quantified such vendor liability (with any additional amounts the Agents may deem reasonably necessary for such vendor liability), only the amount of such vendor liability and any additional amounts the Agents deem reasonably necessary shall be included in the Ineligible Collateral and Reserves Amount;

(e) an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral that is not located in the United States (excluding Borrowing Base Collateral maintained in the United States but used for service outside of the United States);

(f) an amount equal to the Orderly Liquidation Value of aircraft and spare engines that have been sub-leased to third parties, or spare parts that have been loaned to or exchanged with third parties;

(g) an amount equal to the Orderly Liquidation Value of any Borrowing Base Collateral (or portion thereof) that has been modified specifically for the Borrower's use or Borrowing Base Collateral designed exclusively for the Borrower's use, including, but not limited to, property containing technology, logos, designs, fashion and other proprietary property of this nature (for example, but not by way of limitation, seat covers and tapestries);

(h) an amount equal to three times the monthly expenses for rent and related charges incurred by the Borrower and the Guarantors for leased storage and maintenance facilities where Borrowing Base Collateral is maintained;

(i) an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral stored at a leased location for which either Agent (in consultation with the other Agent and in its sole commercially reasonable discretion) has requested the Borrower obtain a landlord waiver, if such waiver (i) has not been delivered to the Agents, (ii) is not reasonably satisfactory in form and substance to the Agents or (iii) is not in full force and effect;

(j) an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral that is subject to a perfected first priority Lien in favor of any Person other than the Collateral Agent;

(k) an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral to which the Borrower does not have sole, good, valid and unencumbered title (other than Liens which are permitted pursuant to Section 6.01 and junior by operation of law or otherwise contractually subordinated to the Liens securing the Obligations), including, without limitation, Borrowing Base Collateral that is on consignment and is not owned solely by the Borrower;

(l) an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral that is not adequately insured as determined by either Agent (in consultation with the other Agent) in its sole commercially reasonable discretion, pursuant to the terms of the Agreement (it being understood that the determination hereunder shall be consistent with the determinations by the Agent pursuant to Section 5.03);

(m) an amount equal to the Orderly Liquidation Value of unserviceable (as determined by the Borrower) QEC Kits, to the extent that such QEC Kits had been appraised as serviceable in the Current Appraisal;

(n) an amount equal to the Orderly Liquidation Value of Borrowing Base Collateral that is spare engines that have been scrapped or surveyed for scrap by the Borrower, or determined by the Borrower to be surplus, to the extent that such spare engines had been appraised as spare engines in the Current Appraisal; plus

(o) an amount equal to the anticipated costs to comply with modifications (aviation directives) from time to time mandated by the FAA.

3. The definitions of the terms "Borrowing Base", "Borrowing Base Amendment" and "Borrowing Base Certificate" set forth in Section 1.01 of the Credit Agreement are hereby amended in their entirety to read as follows:

"Borrowing Base" shall mean on any date the amount (calculated based on the most recent Borrowing Base Certificate delivered pursuant to this Agreement) that is equal to 55% of Eligible Borrowing Base Collateral Value minus (i) the Carve-Out, (ii) a reserve satisfactory to the Agents (in consultation with the Initial Lenders) on account of pari passu cash management claims granted pursuant to Section 2.23(a) and permitted by Section 6.03(viii), (iii) the Tranche A Reserve and (iv) other availability reserves established by the Agents in their commercially reasonable discretion (it being understood that the reserves referred to in clauses (ii) and (iv) of this sentence shall not be applicable to extensions of credit in Stage I). Borrowing Base standards (in respect of matters other than cash management claims) may be established and revised from time to time by the Agents in their sole commercially reasonable discretion (provided, that the Agents may not revise Borrowing Base standards if the effect thereof would be to increase the foregoing advance rate or the amount of the Borrowing Base without the consent of the requisite Lenders as set forth in Section 10.10),with any changes in such standards to become effective five (5) Business Days after delivery of notice thereof to the Borrower.

"Borrowing Base Amendment" shall mean that certain First Amendment, dated as of February 10, 2003 to the Revolving Credit, Term Loan and Guaranty Agreement.

"Borrowing Base Certificate" shall mean a certificate substantially in the form of Exhibit H together with all supporting documentation required to be delivered as specified in Schedule 1 to Exhibit H (with such changes therein from time to time as may be required by the Collateral Agent to reflect the components of and reserves against the Borrowing Base as provided for hereunder from time to time), executed and certified by a Financial Officer of the Borrower, which

shall include appropriate exhibits, schedules and collateral reporting requirements as referred to therein and as provided for in Section 5.07.

4. Section 5.07 of the Credit Agreement is hereby amended in its entirety to read as follows:

SECTION 5.07 **Borrowing Base Certificate**. Following the execution and delivery of the Borrowing Base Amendment, furnish to the Agents and the Collateral Agent as soon as available and in any event (i) on or before the last Business Day of each month, a monthly Borrowing Base Certificate as of the last day of the immediately preceding month and (ii) if requested by either Agent (in consultation with the other Agent) or Collateral Agent at any other time when either Agent (in consultation with the other Agent) or Collateral Agent reasonably believes that the then existing Borrowing Base Certificate is materially inaccurate, or at any time following the occurrence and continuation of an Event of Default, as soon as reasonably available but in no event later than three (3) Business Days after such request, a Borrowing Base Certificate showing the Borrowing Base as of the date so requested, in each case with supporting documentation and additional reports with respect to the Borrowing Base as either Agent (in consultation with the other Agent) or Collateral Agent shall reasonably request.

5. Section 5.09 of the Credit Agreement is hereby amended by deleting the number "30" appearing therein and inserting in lieu thereof the number "45".

6. The Credit Agreement is hereby further amended by adding a new "Exhibit H" in the form attached hereto as Exhibit A.

7. This Amendment shall not become effective until the date (the "Effective Date") on which this Amendment shall have been executed by the Borrower, the Guarantors and the Initial Lenders, and the Agents shall have received evidence satisfactory to it of such execution.

8. Except to the extent hereby amended, the Credit Agreement and each of the Loan Documents remain in full force and effect and are hereby ratified and affirmed.

9. The Borrower agrees that its obligations set forth in Section 10.05 of the Credit Agreement shall extend to the preparation, execution and delivery of this Amendment, including the reasonable fees and disbursements of special counsel to the Agents.

10. This Amendment shall be limited precisely as written and shall not be deemed (a) to be a consent granted pursuant to, or a waiver or modification of, any other term or condition of the Credit Agreement or any of the instruments or agreements referred to therein or (b) to prejudice any right or rights which the Agents or the Lenders may now have or have in the future under or in connection with the Credit Agreement or any of the instruments or agreements referred to therein. Whenever the Credit Agreement is referred to in the Credit Agreement or any of the instruments, agreements or other documents or papers executed or delivered in connection therewith, such reference shall be deemed to mean the Credit Agreement as modified by this Amendment.

11. This Amendment may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

12. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[SIGNATURE PAGES TO FOLLOW]

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

BORROWER:
UNITED AIR LINES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace

Title: Executive Vice President &
Chief Financial Officer

GUARANTOR:
UAL CORPORATION

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Executive Vice President &
Chief Financial Officer

GUARANTOR:
UAL LOYALTY SERVICES, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
UAL COMPANY SERVICES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President and Treasurer

GUARANTOR:
CONFETTI, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
MILEAGE PLUS HOLDINGS, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
MILEAGE PLUS MARKETING, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
MYPOINTS.COM, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
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GUARANTOR:
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Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
MYPOINTS OFFLINE SERVICES, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
UAL BENEFITS MANAGEMENT, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
UNITED BIZJET HOLDINGS, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
BIZ JET CHARTER, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
BIZJET FRACTIONAL, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
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By: /s/ Frederic F. Brace
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Title: President

GUARANTOR:
PREMIER MEETING AND TRAVEL

SERVICES, INC.

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Name: Frederic F. Brace
Title: Vice President and Treasurer

GUARANTOR:
UNITED AVIATION FUELS CORPORATION

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Name: Frederic F. Brace
Title: Vice President and Treasurer

GUARANTOR:
UNITED COGEN, INC.

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

GUARANTOR:
MILEAGE PLUS, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

GUARANTOR:
UNITED GHS, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
UNITED WORLDWIDE CORPORATION

By: /s/ Frederic F. Brace

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Title: Vice President

GUARANTOR:
FOUR STAR LEASING, INC.

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Title: President

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Title: President

GUARANTOR:
AIR WISCONSIN, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
DOMICILE MANAGEMENT SERVICES, INC.

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

LENDERS:

JPMORGAN CHASE BANK,

As a co-administrative agent, Paying Agent and a Lender

By: /s/ John C. Riordan
Name: John C. Riordan
Title: Vice President

CITICORP USA, INC.
As a co-administrative agent and a Lender

By: /s/ James J. McCarthy
Name: James J. McCarthy
Title: Director and Vice President

BANKONE, NA
as a Lender

By: /s/ Patrick J. Fravel
Name: Patrick J. Fravel
Title: Vice President

THE CIT GROUP/BUSINESS CREDIT, INC.
as a Lender

By: /s/ Alan Strauss
Name: Alan Strauss
Title: Vice President - Team Leader

SECOND AMENDMENT
TO REVOLVING CREDIT, TERM LOAN AND
GUARANTY AGREEMENT

SECOND AMENDMENT, dated as of February 10, 2003 (the "Amendment"), to the REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT, dated as of December 24, 2002, among UNITED AIR LINES, INC., a Delaware corporation (the "Borrower"), a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code, UAL CORPORATION, a Delaware corporation and the parent company of the Borrower (the "Parent") and all of the direct and indirect subsidiaries of the Borrower and the Parent signatory thereto (the "Subsidiaries" and together with the Parent, each a "Guarantor" and collectively the "Guarantors"), each of which Guarantors referred to in this paragraph is a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code, JPMORGAN CHASE BANK, a New York banking corporation ("JPMorgan Chase"), CITICORP USA, INC., a Delaware corporation ("CUSA"), BANK ONE, NA, a national banking corporation ("Bank One"), THE CIT GROUP/BUSINESS CREDIT, INC., a New York corporation ("CIT Group"), each of the other financial institutions from time to time party hereto (together with JPMorgan Chase, CUSA, Bank One and CIT Group, the "Lenders"), JPMORGAN CHASE BANK and CUSA, as co-administrative agents (together, the "Agents") for the Lenders and JPMORGAN CHASE BANK, as paying agent (in such capacity, the "Paying Agent") for the Lenders.

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantors, the Lenders, the Paying Agent and the Agents are parties to that certain Revolving Credit, Term Loan and Guaranty Agreement, dated as of December 24, 2002 (as the same may be amended, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower, the Guarantors and the Lenders have agreed that from and after the Effective Date (as hereinafter defined) of this Amendment, the Credit Agreement shall be amended as set forth herein subject to and upon the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. As used herein, all terms that are defined in the Credit Agreement shall have the same meanings herein.

2. Section 1.01 of the Credit Agreement is hereby amended by inserting the following new definition in appropriate alphabetical order:

> "Second Amendment Effective Date" shall mean the Effective Date as defined in that certain Second Amendment, dated as of February 10, 2003, to this Agreement.

3. The definition of the term "Adjusted LIBOR Rate" is hereby amended by deleting the percentage "2%" appearing in clause (B) of the first sentence thereof and inserting in lieu thereof the percentage "3%".

4. Section 2.01 of the Credit Agreement is hereby amended by inserting the following paragraph (d) immediately following paragraph (c) thereof:

> (d) Limitation of Commitments. Notwithstanding any other provision of this Agreement to the contrary (including, without limitation, Sections 2.01(a) and 2.01(c)), forthwith upon the occurrence of the Second Amendment Effective Date, (x) the Tranche A Commitment of each Initial Lender shall be reduced from $200,000,000 to $150,000,000 (with Tranche A Commitments in excess of the aggregate principal amount of $600,000,000 up to the aggregate principal amount of $800,000,000 to be subject to syndication and usage of the Tranche A Commitments during Stage II to be subject to the Tranche A Reserve at all times) and (y) the written consent of Lenders having Tranche A Commitments and Tranche B Commitments representing at least 90% of the Total Commitment in the aggregate at that time shall be required prior to such syndication of additional Tranche A Commitments in excess of the aggregate principal amount of $600,000,000.

5. Section 2.08(a) is hereby amended by deleting the percentage "3.5%" appearing therein and inserting in lieu thereof the percentage "5.5%".

6. Section 2.08(b) is hereby amended by deleting the percentage "4.5%" appearing therein and inserting in lieu thereof the percentage "6.5%".

7. Section 2.21 of the Credit Agreement is hereby amended by deleting the phrase "four and one-half percent (4.5%)" appearing in the first sentence thereof and inserting in lieu thereof the phrase "six and one-half percent (6.5%)".

8. Section 6.13 of the Credit Agreement is hereby amended by deleting the amount "$200,000,000" set forth therein and inserting in lieu thereof the amount "$300,000,000".

9. Annex A to the Credit Agreement is hereby replaced by Annex A attached to this Amendment.

10. This Amendment shall not become effective until the date (the "Effective Date") on which this Amendment shall have been executed by the Borrower, the Guarantors and the Initial Lenders, and the Agents shall have received evidence satisfactory to it of such execution.

11. Except to the extent hereby amended, the Credit Agreement and each of the Loan Documents remain in full force and effect and are hereby ratified and affirmed.

12. The Borrower agrees that its obligations set forth in Section 10.05 of the Credit Agreement shall extend to the preparation, execution and delivery of this Amendment, including the reasonable fees and disbursements of special counsel to the Agents.

13. This Amendment shall be limited precisely as written and shall not be deemed (a) to be a consent granted pursuant to, or a waiver or modification of, any other term or condition of the Credit Agreement or any of the instruments or agreements referred to therein or (b) to prejudice any right or rights which the Agents or the Lenders may now have or have in the future under or in connection with the Credit Agreement or any of the instruments or agreements referred to therein. Whenever the Credit Agreement is referred to in the Credit Agreement or any of the instruments, agreements or other documents or papers executed or delivered in connection therewith, such reference shall be deemed to mean the Credit Agreement as modified by this Amendment.

14. This Amendment may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

15. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[SIGNATURE PAGES TO FOLLOW]

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

BORROWER:
UNITED AIR LINES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Executive Vice President &
Chief Financial Officer

GUARANTOR:
UAL CORPORATION

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Executive Vice President &
Chief Financial Officer

GUARANTOR:
UAL LOYALTY SERVICES, INC.

By: /s/ Steven M. Rasher
Name: Steven M. Rasher
Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:
UAL COMPANY SERVICES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President and Treasurer

GUARANTOR:

CONFETTI, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,

General Counsel and Secretary

GUARANTOR:

MILEAGE PLUS HOLDINGS, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

MILEAGE PLUS MARKETING, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

Title: Senior Vice President,
General Counsel and Secretary

GUARANTOR:

MYPOINTS.COM, INC.

By: /s/ Steven M. Rasher

Name: Steven M. Rasher

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Name: Frederic F. Brace

Title: President

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Name: Francesca M. Maher
Title: Vice President and Secretary

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FOUR STAR LEASING, INC.

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Title: President

GUARANTOR:
AIR WISCONSIN, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

GUARANTOR:
DOMICILE MANAGEMENT SERVICES, INC.

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

LENDERS:

JPMORGAN CHASE BANK,
As a co-administrative agent, Paying Agent and a Lender

By: /s/ John C. Riordan
Name: John C. Riordan
Title: Vice President

CITICORP USA, INC.
As a co-administrative agent and a Lender

By: /s/ James J. McCarthy
Name: James J. McCarthy
Title: Director and Vice President

BANKONE, NA
as a Lender

By: /s/ Patrick J. Fravel
Name: Patrick J. Fravel
Title: Vice President

THE CIT GROUP/BUSINESS CREDIT, INC.
as a Lender

By: /s/ Alan Strauss
Name: Alan Strauss
Title: Vice President - Team Leader

ANNEX A

to

REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT

Dated as of December 24, 2002 (as amended)

Lender	**Tranche A Commitment ($)**	**Tranche A Commitment Percentage (%)**	**Tranche B Commitment ($)**	**Tranche B Commitment Percentage (%)**
JPMorgan Chase Bank	$ 150,000,000	25.0%	$ 100,000,000	25.0%

270 Park Avenue New York, New York 10017 Attn: Richard Thayer Managing Director				
Citicorp USA, Inc. 388 Greenwich Street 19th Floor New York, New York 10013 Attn: James McCarthy Director	150,000,000	25.0	100,000,000	25.0
Bank One NA One Bank One Plaza Chicago, Illinois 60670 Attn: Paul C. Hennesy Managing Director	150,000,000	25.0	100,000,000	25.0
The CIT Group/Business Credit, Inc. 1211 Avenue of the Americas New York, New York 10036 Attn: Peter Skavla Senior Vice President	150,000,000	25.0	100,000,000	25.0
Total	$ 600,000,000	100.0%	$ 400,000,000	100.0%

CONFORMED VERSION

THIRD AMENDMENT

TO REVOLVING CREDIT, TERM LOAN AND

GUARANTY AGREEMENT

THIRD AMENDMENT, dated as of February 18, 2003 (the "Amendment"), to the REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT, dated as of December 24, 2002, among UNITED AIR LINES, INC., a Delaware corporation (the "Borrower"), a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code, UAL CORPORATION, a Delaware corporation and the parent company of the Borrower (the "Parent") and all of the direct and indirect subsidiaries of the Borrower and the Parent signatory hereto (the "Subsidiaries" and together with the Parent, each a "Guarantor" and collectively the "Guarantors"), each of which Guarantors referred to in this paragraph is a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code (the cases of the Borrower and the Guarantors, each a "Case" and collectively, the "Cases"), JPMORGAN CHASE BANK, a New York banking corporation ("JPMorgan Chase"), CITICORP USA, INC., a Delaware corporation ("CUSA"), BANK ONE, NA, a national banking corporation ("Bank One"), THE CIT GROUP/BUSINESS CREDIT, INC., a New York corporation ("CIT Group", and together with JPMorgan Chase, CUSA and Bank One, the "Original Lenders"), each of the other financial institutions from time to time party hereto (together with the Original Lenders, the "Lenders"), JPMORGAN CHASE BANK and CUSA, as co-administrative agents (together, the "Agents") for the Lenders and JPMORGAN CHASE BANK, as paying agent (in such capacity, the "Paying Agent") for the Lenders.

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantors, the Original Lenders, the Paying Agent and the Agents are parties to that certain Revolving Credit, Term Loan and Guaranty Agreement, dated as of December 24, 2002, as amended by that certain First Amendment to Revolving Credit, Term Loan and Guaranty Agreement, dated as of February 10, 2003, and as further amended by that Second Amendment to Revolving Credit, Term Loan and Guaranty Agreement, dated as of February 10, 2003 (as the same may be amended, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower and the Guarantors have requested that from and after the Effective Date (as hereinafter defined) of this Amendment, the Credit Agreement be amended subject to and upon the terms and conditions set forth herein; and

WHEREAS, Section 10.03(b) of the Credit Agreement provides that each Lender may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under the Credit Agreement (including, without limitation, all or a portion of its Tranche A Commitment or Tranche B Commitment and the same portion of the related Loans at the time owing to it) by executing and delivering with such Eligible Assignee an Assignment and Acceptance in substantially the form of Exhibit F to the Credit Agreement (a copy of which is annexed hereto as Schedule I); and

WHEREAS, the Original Lenders wish to (i) assign to each of the financial institutions (other than the Original Lenders) that is shown on Annex A hereto as having a Tranche A Commitment (such financial institutions other than the Original Lenders, collectively, the "Tranche A New Lenders"), and each of the Tranche A New Lenders wishes to assume, a pro rata portion of the Original Lenders' interests, rights and obligations under the Credit Agreement such that upon the Effective Date of this Amendment the Original Lenders and the Tranche A New Lenders shall have the respective Tranche A Commitments that are shown on Annex A hereto, and (ii) assign to each of the financial institutions (other than the Original Lenders) that is shown on Annex A hereto as having a Tranche B Commitment (such financial institutions other than the Original Lenders, collectively, the "Tranche B New Lenders"), and each of the Tranche B New Lenders wishes to assume, a pro rata portion of the Original Lenders' interests, rights and obligations under the Credit Agreement such that upon the Effective Date of this Amendment the Original Lenders and the Tranche B New Lenders shall have the respective Tranche B Commitments that are shown on Annex A hereto; and

WHEREAS, the Borrower, the Guarantors, the Original Lenders, the Tranche A New Lenders, the Tranche B New Lenders, the Agents and the Paying Agent have determined that the execution and delivery of this Amendment to effectuate a reallocation of the Total Commitment under the Credit Agreement as in effect on the date hereof among the Original Lenders, the Tranche A New Lenders and the Tranche B New Lenders will be more expeditious and administratively efficient than the execution and delivery of a separate Assignment and Acceptance between each of the Original Lenders and each of the Tranche A New Lenders, and each of the Original Lenders and each of the Tranche B New Lenders, respectively; and

WHEREAS, upon the occurrence of the Effective Date of this Amendment, (i) each of the Tranche A New Lenders and Tranche B New Lenders shall become a party to the Credit Agreement as a "Lender" and shall have the rights and obligations of a Lender thereunder, (ii) the respective Tranche A Commitments of each of the Original Lenders and Tranche A New Lenders under the Credit Agreement shall be in the amount set forth opposite its name on Annex A hereto under the heading "Tranche A Commitment", and (iii) the respective Tranche B Commitment of each of the Original Lenders and the Tranche B New Lenders under the Credit Agreement shall be in the amount set forth opposite its name on Annex A hereto under the heading "Tranche B Commitment", as each of the same may be reduced from time to time pursuant to Section 2.10 of the Credit Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. As used herein, all terms that are defined in the Credit Agreement (in effect immediately prior to the Effective Date of this Amendment) shall have the same meanings herein.

2. Annex A to the Credit Agreement is hereby replaced in its entirety by Annex A hereto.
3. The signature pages of the Credit Agreement are hereby amended to conform to the signature pages hereto.
4. By its execution and delivery hereof, each of the Original Lenders shall be deemed to have made each of the statements set forth in clauses (i) and (ii) of paragraph 2 of the Assignment and Acceptance as if such statements were fully set forth herein at length.
5. By its execution and delivery hereof, each of the Tranche A New Lenders and Tranche B New Lenders shall be deemed to have made each of the statements set forth in clauses (i), (ii), (iii), (iv) and (v) of paragraph 3 of the Assignment and Acceptance as if such statements were fully set forth herein at length.
6. On the Effective Date, (i) each Tranche A New Lender will pay to the Paying Agent (for the accounts of the Original Lenders) such amount as represents such Tranche A New Lender's pro rata portion of the aggregate principal amount of the Tranche A Loans, if any, that are outstanding on the Effective Date and such Tranche A New Lender's pro rata portion of the aggregate amount of the then unreimbursed drafts, if any, that were theretofore drawn under Letters of Credit, (ii) each Tranche B New Lender will pay to the Paying Agent (for the accounts of the Original Lenders) such amount as represents such Tranche B New Lender's prorata portion of the aggregate principal amount of the Tranche B Loans and (iii) the Paying Agent shall pay to each of the Tranche A New Lenders and Tranche B New Lenders such fees as have been previously agreed to between the Agents and such Tranche A New Lenders and the Agents and such Tranche B New Lenders, respectively. Promptly following the occurrence of the Effective Date, and in accordance with Section 10.03(e) of the Credit Agreement, the Paying Agent shall record in the Register the names and addresses of each Tranche A New Lender and Tranche B New Lender and the principal amount equal to such Tranche A Lender's Tranche A Commitment, or such Tranche B Lender's Tranche B Commitment, as the case may be, reflected on Annex A hereto.
7. By its execution and delivery hereof, each of the Tranche A New Lenders and Tranche B New Lenders (i) agrees that any interest on the Loans, Commitment Fees and Letter of Credit Fees (pursuant to Sections 2.08, 2.20 and 2.21 of the Credit Agreement) that accrued prior to the Effective Date shall not be payable to such Tranche A New Lender or Tranche B New Lender and authorizes and directs the Paying Agent to deduct such amounts from any interest, Commitment Fees or Letter of Credit Fees paid after the date hereof and to pay such amounts to the Original Lenders (it being understood that interest on the Loans, Commitment Fees and Letter of Credit Fees respecting the Total Tranche A Commitment of the Original Lenders, each Tranche A New Lender and each Tranche B New Lender which accrue on or after the Effective Date shall be payable to such Lender in accordance with its Total Commitment), (ii) acknowledges that if such Tranche A New Lender or Tranche B New Lender is organized under the laws of a jurisdiction outside of the United States, such Tranche A New Lender or Tranche B New Lender has heretofore furnished to the Paying Agent the forms prescribed by the Internal Revenue Service of the United States certifying as to such Tranche A New Lender's or Tranche B New Lender's exemption from United States withholding taxes with respect to any payments to be made to such Tranche A New Lender or Tranche B New Lender under the Credit Agreement (or such other documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty) and (iii) acknowledges that such Tranche A New Lender or Tranche B New Lender has heretofore supplied to the Paying Agent the information requested on the administrative questionnaire in the form previously furnished by JPMorgan Chase.
8. The Paying Agent shall promptly deliver to the Borrower the forms and other documents furnished to it pursuant to paragraph 7(ii) hereof.
9. This Amendment shall not become effective (the "Effective Date") until (i) the date on which this Amendment shall have been executed by the Borrower, the Guarantors, the Original Lenders, the Tranche A New Lenders, the Tranche B New Lenders, the Agents and the Paying Agent, and the Paying Agent shall have received evidence satisfactory to it of such execution and (ii) the payments provided for in the first sentence of paragraph 6 hereof shall have been made.
10. Except to the extent hereby amended, the Credit Agreement and each of the Loan Documents remain in full force and effect and are hereby ratified and affirmed.
11. The Borrower agrees that its obligations set forth in Section 10.05 of the Credit Agreement shall extend to the preparation, execution and delivery of this Amendment, including the reasonable fees and disbursements of special counsel to the Agents.
12. This Amendment shall be limited precisely as written and shall not be deemed (a) to be a consent granted pursuant to, or a waiver or modification of, any other term or condition of the Credit Agreement or any of the instruments or agreements referred to therein or (b) to prejudice any right or rights which the Agents or the Lenders may now have or have in the future under or in connection with the Credit Agreement or any of the instruments or agreements referred to therein. Whenever the Credit Agreement is referred to in the Credit Agreement or any of the instruments, agreements or other documents or papers executed or delivered in connection therewith, such reference shall be deemed to mean the Credit Agreement as modified by this Amendment.
13. This Amendment may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.
14. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[SIGNATURE PAGES TO FOLLOW]

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

BORROWER:

UNITED AIR LINES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Executive Vice President & CFO

GUARANTORS:

UAL CORPORATION

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Executive Vice President & CFO

UAL LOYALTY SERVICES, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

UAL COMPANY SERVICES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President and Treasurer

CONFETTI, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

MILEAGE PLUS HOLDINGS, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

MILEAGE PLUS MARKETING, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

MYPOINTS.COM, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

CYBERGOLD, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

ITARGET.COM, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

MYPOINTS OFFLINE SERVICES, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, Secretary

UAL BENEFITS MANAGEMENT, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

UNITED BIZ JET HOLDINGS, INC.

By: /s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

BIZJET CHARTER, INC.

By:/s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel & Secretary

BIZJET FRACTIONAL, INC.

By:/s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

BIZJET SERVICES, INC.

By:/s/ Steven Rasher
Name: Steven Rasher
Title: Vice President, General Counsel, & Secretary

KION LEASING, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

PREMIER MEETING AND TRAVEL SERVICES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President and Treasurer

UNITED AVIATION FUELS CORPORATION

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

UNITED COGEN, INC.

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

MILEAGE PLUS, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

UNITED GHS, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

UNITED WORLDWIDE CORPORATION

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

UNITED VACATIONS, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: Vice President

FOUR STAR LEASING, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

AIR WIS SERVICES, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

AIR WISCONSIN, INC.

By: /s/ Frederic F. Brace
Name: Frederic F. Brace
Title: President

DOMICILE MANAGEMENT SERVICES, INC.

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Vice President and Secretary

LENDERS:

JPMorgan Chase Bank, as a co-administrative agent, Fronting Bank, Paying Agent and a Lender

By: /s/ John C. Riordan
Name: John C. Riordan
Title: Vice President

Citicorp USA, Inc., as a co-administrative agent, Fronting Bank and a Lender

By: /s/ James J. McCarthy
Name: James J. McCarthy
Title: Director and Vice President

Bank One, NA, as a Lender

By: /s/ Patrick J. Fravel
Name: Patrick J. Fravel
Title: Vice President

The CIT Group/Business Credit, Inc., as a Lender

By: /s/ Alan Strauss
Name: Alan Strauss
Title: Vice President - Team Leader

TRANCHE A NEW LENDERS:

Canpartners Investments IV, LLC

By: /s/ Joshua S. Friedman
Name: Joshua S. Friedman
Title: Authorized Signatory

Ableco Finance LLC

By: /s/ Kevin P. Genda
Name: Kevin P. Genda
Title: Senior Vice President and Chief Credit Officer

Credit Agricole Indosuez

By: /s/ Jean Fletcheux
Name: Jean Fletcheux
Title: First Vice President

By: /s/ Joseph D. Catarina
Name: Joseph D. Catarina
Title: Vice President

U.A.L. Investors, L.L.C.

By: Farallon Capital Management, L.L.C., its Manager
By: /s/ William Mellin
Name: William Mellin
Title: Managing Member

Drawbridge Special Opportunities Fund LP

By: /s/ Marc Furstein
Name: Marc Furstein
Title: Chief Operating Officer

Special Situations Investing Group, Inc.

By: /s/ Joseph Lanasa
Name: Joseph Lanasa
Title: Authorized Signatory

Caspian Capital Partners, L.P.

By: /s/ Charles R. Howe, II
Name: Charles R. Howe, II
Title: Treasurer of I.M.

Mariner Opportunities Fund, LP

By: /s/ Charles R. Howe, II
Name: Charles R. Howe, II
Title: Treasurer

Mariner Opportunities II, LP

By: /s/ Charles R. Howe, II
Name: Charles R. Howe, II
Title: Treasurer

Mariner LDC

By: /s/ Charles R. Howe, II
Name: Charles R. Howe, II
Title: Treasurer

Trilogy Portfolio Company, LLC

By: /s/ Charles R. Howe, II
Name: Charles R. Howe, II
Title: Treasurer

SOF Investments, L.P.

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: General Counsel

Perry Principals, L.L.C.

By: /s/ Paul Leff
Name: Paul Leff
Title: Senior Managing Director

Regiment Capital, Ltd.

By: Regiment Capital Management, LLC as its Investment Advisor

By: Regiment Capital Advisors, LLC its Manager and pursuant to delegated authority

By: /s/ Timothy S. Peterson
Name: Timothy S. Peterson
Title: President

Stark Event Trading Ltd.

By: /s/ Michael A. Roth
Name: Michael A. Roth

Title: Management Member of the Investment Manager of Stark Event Trading Ltd.

Stonehill Institutional Partners, LP

By: /s/ Christopher Wilson
Name: Christopher Wilson
Title: General Partner

SunTrust Bank

By: /s/ Kenneth M. Uchiyama
Name: Kenneth M. Uchiyama
Title: Managing Director

Watershed Capital Institutional Partners, L.P.

By: WS Partners, L.L.C.

By: /s/ Meridee A. Moore
Name: Meridee A. Moore
Title: Senior Managing Member

Watershed Capital Partners, L.P.

By: WS Partners, L.L.C.

By: /s/ Meridee A. Moore
Name: Meridee A. Moore
Title: Senior Managing Member

TRANCHE B NEW LENDERS:

Bank of Lincolnwood

By: /s/ Richard R. Robbins
Name: Richard R. Robbins
Title: President/Chief Operating Officer

Venture II CDO 2002, Limited

By: its investment advisor, Barclays Bank PLC, New York Branch

By: /s/ Kenneth Ostmann
Name: Kenneth Ostmann
Title: Director

Canpartners Investments IV, Ltd.

By: /s/ Joshua S. Friedman
Name: Joshua S. Friedman
Title: Authorized Signatory

Canyon Capital CDO 2002-1, Ltd.

By: /s/ Joshua S. Friedman
Name: Joshua S. Friedman
Title: Authorized Signatory

Ableco Finance LLC

By: /s/ Kevin P. Genda
Name: Kevin P. Genda
Title: Senior Vice President and Chief Credit Officer

Connecticut General Life Insurance Company

By: Cigna Investments, Inc.

By: /s/ John P. Connor
Name: John P. Connor
Title: Vice President

Stanwich Loan Funding LLC

By: /s/ Kelly W. Warnement
Name: Kelly W. Warnement
Title: Vice President

Toronto Dominion (New York), Inc.

By: /s/ David G. Parker
Name: David G. Parker
Title: Vice President

Goldman Sachs Credit Partners L.P.

By: /s/ Particia Tessier
Name: Patricia Tessier
Title: Authorized Signatory

Aurum CLO 2002-1 Ltd., by Stein Roe &

Farnharm Incorporated as Investment Manager

By: /s/ Kathleen A. Zarn
Name: Kathleen A. Zarn
Title: Senior Vice President

Liberty Floating Rate Advantage Fund, by Stein Roe & Farnham Incorporated as Advisor

By: /s/ Kathleen A. Zarn
Name: Kathleen A. Zarn
Title: Senior Vice President

SRF 2000 LLC

By: /s/ Kelly W. Warnement
Name: Kelly W. Warnement
Title: Vice President

SRF Trading, Inc.

By: /s/ Kelly W. Warnement
Name: Kelly W. Warnement
Title: Vice President

Stein Roe Floating Rate Limited Liability Company

By: /s/ Kathleen A. Zarn
Name: Kathleen A. Zarn
Title: Vice President, Stein Roe & Farnham Incorporated, as Advisor to the Stein Roe Floating Rate Limited Liability Company

Credit Agricole Indosuez

By: /s/ Jean Fletcheux
Name: Jean Fletcheux
Title: First Vice President

By: /s/ Joseph D. Catarina
Name: Joseph D. Catarina
Title: Vice President

Hewett's Island CDO, Ltd.

By: Cypress Investment Management Company, Inc., as Portfolio Manager.

By: /s/ Jeffrey Megar
Name: Jeffrey Megar
Title: Principal

U.A.L. Investors, L.L.C.

By: Farallon Capital Management, L.L.C., its Manager

By: /s/ William Mellin
Name: William Mellin
Title: Managing Member

Drawbridge Special Opportunities Fund LP

By: /s/ Marc Furstein
Name: Marc Furstein
Title: C.O.O.

Franklin CLO II, Limited

By: /s/ Richard D'Addario
Name: Richard D'Addario
Title: Senior Vice President

Franklin CLO III, Limited

By: /s/ Richard D'Addario
Name: Richard D'Addario
Title: Senior Vice President

Franklin Floating Rate Trust

By: /s/ Richard D'Addario
Name: Richard D'Addario
Title: Vice President

Special Situations Investing Group, Inc.

By: /s/ Joseph Lanasa
Name: Joseph Lanasa
Title: Authorized Signatory

Gulf Stream-Compass CLO 2002-1, Ltd.

By: Gulf Stream Asset Management, LLC as
Collateral Manager

By: /s/ Jeanette W. Bumgarner
Name: Jeanette W. Bumgarner
Title: Vice President

HBK Master Fund L.P.

By: /s/ David Haley
Name: David Haley
Title: Authorized Signatory

Riviera Funding LLC

By: /s/ Ann E. Morris
Name: Ann E. Morris
Title: Assistant Vice President

Desjardin Financial Life Assurance Company

By: /s/ Louis Hanover
Name: Louis Hanover
Title: CIO

Marathon Special Opportunity Master Fund, Ltd.

By: /s/ Louis Hanover
Name: Louis Hanover
Title: CIO

Caspian Capital Partners, L.P.

By: /s/ Charles R. Howe, II
Name: Charles R. Howe, II
Title: Treasurer of I.M.

Mariner Opportunities Fund, LP

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Name: Charles R. Howe, II
Title: Treasurer

Mariner Opportunities II, LP

By: /s/ Charles R. Howe, II
Name: Charles R. Howe, II
Title: Treasurer

Mariner LDC

By: /s/ Charles R. Howe, II
Name: Charles R. Howe, II
Title: Treasurer

Trilogy Portfolio Company, LLC

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Name: Charles R. Howe, II
Title: Treasurer

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Name: Christopher Wilson
Title: General Partner

SunTrust Bank

By: /s/ Kenneth M. Uchiyama
Name: Kenneth M. Uchiyama
Title: Managing Director

Watershed Capital Institutional Partners, L.P.

By: WS Partners, L.L.C.

By: /s/ Meridee A. Moore
Name: Meridee A. Moore
Title: Senior Managing Member

Watershed Capital Partners, L.P.

By: WS Partners, L.L.C.

By: /s/ Meridee A. Moore
Name: Meridee A. Moore
Title: Senior Managing Member

Watershed Capital Partners (Offshore), Ltd.

By: Watershed Asset Management, L.L.C.

By: /s/ Meridee A. Moore
Name: Meridee A. Moore
Title: Senior Managing Member

ANNEX A

to

REVOLVING CREDIT, TERM LOAN AND GUARANTY AGREEMENT

Dated as of December 24, 2002 (as amended)

Bank	**Tranche A Revolving Commitment Amount**	**Tranche A Revolving Commitment Percentage**	**Tranche B Term Loan Commitment Amount**	**Tranche B Term Loan Commitment Percentage**
JPMorgan Chase Bank 270 Park Avenue New York, NY 10017 Attn: Stephen Simon	$78,388,888.88	13.06481481%	$30,761,111.12	7.69027778%
Citicorp USA, Inc. 2 Penns Way, Suite 200 Newcastle, DE 19720 Attn: Annemarie Pavco	$78,388,888.89	13.06481482%	$30,761,111.11	7.69027778%
Bank One, NA 120 S. Lasalle Chicago, IL 60603 Attn: Melody M. Vaughan	$78,388,888.89	13.06481482%	$30,761,111.11	7.69027778%
The CIT Group/ Business Credit, Inc. 1211 Avenue of the Americas New York, NY 10036 Attn: Anna Lopez	$78,388,888.89	13.06481482%	$30,761,111.11	7.69027778%
Bank of Lincolnwood 4433 W. Touhy Avenue Lincolnwood, IL 60712 Attn: Madelene Tarcenski	- --	--	$3,900,000.00	0.97500000%
Venture II CDO 2002, Limited c/o Barclays Capital 222 Broadway, 10th Floor New York, NY 10038 Attn: Nore Biasi (with an additional copy to: Venture II CDO 2002, Limited c/o JPMorgan Chase Bank 600 Travis Street, 5th Floor Houston, TX 77002 Attn: William Wallacd)	- --	--	$2,000,000.00	0.50000000%
Canyon Capital Advisors, LLC				
Canpartners Investments IV, LLC 9665 Wilshire Blvd., Ste 200 Beverly Hills, CA 90212 Attn: Kelly Redick	$7,500,000.00	1.25000000%	$7,500,000.00	1.87500000%
Canyon Capital CDO 2002-1 Ltd. Bank of New York 600 E. Los Colinas Boulevard Suite 200 Beverly Hills, CA 90212 Attn: Tim Robbs (with an additional copy to:. c/o Canyon Capital Advisors LLC 9665 Wilshire Boulevard Suite 200	- --	--	$3,000,000.00	0.75000000%

Beverly Hills, CA 90212 Attn: Kelly Redick)				
Ableco Finance LLC 450 Park Avenue, 28th Floor New York, NY 10022 Attn: Garrett Goldberg Paul Gordon	$42,857,142.86	7.14285714%	$7,142,857.14	1.78571429%
CIGNA Investments, Inc				
Connecticut General Life Insurance Company c/o CIGNA Investments 280 Trumball Street, H16B Hartford, CT 06103 Attn: Supakrit Phiwkhao Lisa Richardson John Conner	- --	--	$3,000,000.00	0.75000000%
Stanwich Loan Funding LLC c/o Bank of America 110 N Tryon Street Charlotte, NC 28273 Attn: Stanwich Loan Funding LLC	- --	--	$4,500,000.00	1.12500000%
Toronto Dominion (New York), Inc. 909 Fannin, Suite 1700 Houston, TX 77010 Attn: David Parker	- --	--	$4,500,000.00	1.12500000%
Goldman Sachs Credit Partners L.P. c/o Goldman Sachs & Co. 85 Broad Street, 6th Floor New York, NY 10004 Attn: Sanda Stulberger	- --	--	$15,000,000.00	3.75000000%
Columbia Management, LLC				
Aurum CLO 2002-1 Ltd. c/o Stein Roe & Farnham Inc. One South Wacker Drive 33rd Floor Chicago, IL 60606-4685 Attn: James Fellows Rhondda Colombatto	- --	--	$4,000,000.00	1.00000000%
Liberty Floating Rate Advantage Fund c/o Stein Roe & Farnham Inc. One South Wacker Drive 33rd Floor Chicago, IL 60606 Attn: Rhondda Colombatto	- --	--	$2,000,000.00	0.50000000%
SRF 2000 LLC c/o Stein Roe & Farnham Inc.	- --	--	$4,000,000.00	1.00000000%

One South Wacker Drive 33rd Floor Chicago, IL 60606-4865 Attn: SRF 2000 LLC				
SRF Trading, Inc. c/o Stein Roe & Farnham Inc. One South Wacker Drive 33rd Floor Chicago, IL 60606-4865 Attn: SRF Trading Inc.	- --	--	$3,000,000.00	0.75000000%
Stein Roe Floating Rate LLC c/o Stein Roe & Farnham Inc. One South Wacker Drive 33rd Floor Chicago, IL 60604-4685 Attn: Rhondda Colombatto	- --	--	$4,000,000.00	1.00000000%
Credit Agricole Indosuez 55 East Monroe, Suite 4700 Chicago, IL 60603 Attn: Kathy Lasky Jean Deguzman	$22,222,222.22	3.70370370%	$2,777,777.78	0.69444445%
Hewett's Island CDO, Ltd. Deutsche Bank 60 Wall Street, 26th Floor New York, NY 10005 Attn: Ivan Arroya	- --	--	$3,000,000.00	0.75000000%
U.A.L. Investors, L.L.C. c/o Farallon Capital Mgt., LLC One Maritime Plaza, Suite 1325 San Francisco, CA 94111 Attn: Colby Trexler	$30,000,000.00	5.00000000%	$35,000,000.00	8.75000000%
Drawbridge Special Opportunities Fund LP Fortress Investment Group 1251 Avenue of the Americas New York, NY 10020 Attn: Kevin Terry Wilson Tien	$22,222,222.22	3.70370370%	$2,777,777.78	0.69444445%
Franklin Advisors Inc.				
Franklin CLO II, Limited c/o Franklin Templeton Group 777 Mariners Island Boulevard San Mateo, CA 94404 Attn: Gregory Hancock	- --	--	$4,000,000.00	1.00000000%
Franklin CLO III, Limited c/o Franklin Templeton Group One Franklin Parkway Building 920, 2nd Floor San Mateo, CA 94403 Attn: Gregory Hancock	- --	--	$3,000,000.00	0.75000000%

Franklin Floating Rate Trust c/o Franklin Templeton Group 777 Mariners Island Boulevard P.O. Box 7777 San Mateo, CA 94404 Attn: Calvin Fung Katie Lewis	- --	--	$3,000,000.00	0.75000000%
Special Situations Investing Group, Inc. c/o Goldman Sachs 85 Broad Street, 28th Floor New York, NY 10004 Attn: Sandra Stulberger	$15,000,000.00	2.50000000%	$10,000,000.00	2.50000000%
Gulf Stream-Compass CLO 2002-1, Ltd. 4201 Congress Street, Suite 475 Charlotte, NC 28209 Attn: Greg Burke	- --	--	$4,000,000.00	1.00000000%
HBK Master Fund L.P. c/o HBK Investments L.P. 300 Crescent Court, Suite 700 Dallas, TX 75201 Attn: Stancy Jaynes	- --	--	$25,000,000.00	6.25000000%
Riviera Funding LLC c/o Bank of America N.A. 101 N. Tryon Street NC1 001 15 01 Charlotte, NC 28273 Attn: Jill Carey	- --	--	$3,000,000.00	0.75000000%
Marathon Asset Management				
Desjardins Financial Life Assurance Company c/o Marathon Asset Management 461 Fifth Avenue New York, NY 10016 Attn: Anthony Martucci	- --	--	$2,000,000.00	0.50000000%
Marathon Special Opportunity Master Fund, LTD c/o Marathon Asset Mgt., LLC 461 Fifth Avenue, 10th Floor New York, NY 10016 Attn: Anthony Martucci	- --	--	$5,000,000.00	1.25000000%
Mariner Investment Group				
Caspian Capital Partners, L.P. 500 Mamaroneck Ave. Harrison, NY 10528 Attn: Lorrie Landis Susan Lancaster	$2,400,000.00	0.40000000%	$3,600,000.00	0.90000000%
	$1,000,000.00	0.16666667%	$1,500,000.00	0.37500000%

Mariner Opportunities Fund, LP c/o Mariner Investment Group 500 Mamaroneck Avenue 1st Floor Harrison, NY 10528 Attn: Don Rubin				
Mariner Opportunities II, LP 500 Mamaroneck Avenue Harrison, NY 10528 Attn: Don Rubin	$4,000,000.00	0.66666667%	$6,000,000.00	1.50000000%
Mariner LDC c/o Mariner Investment Group 65 East 53rd Street New York, NY 10022 Attn: Susan Lancaster	$2,400,000.00	0.40000000%	$3,600,000.00	0.90000000%
Trilogy Portfolio Company, LLC 780 Third Avenue, 16th Floor New York, NY 10017 Attn: Don Rubin	$3,200,000.00	0.53333333%	$4,800,000.00	1.20000000%
SOF Investments, L.P. c/o MSD Capital, L.P. 645 Fifth Avenue, 21st Floor New York, NY 10022 Attn: Linda Chang	$5,000,000.00	0.83333333%	$5,000,000.00	1.25000000%
Perry Principals, L.L.C. c/o Perry Capital 299 Lexington Avenue New York, NY 10022 Attn: Joe Leitao	$34,285,714.29	5.71428572%	$5,714,285.71	1.42857143%
Regiment Capital, Ltd. c/o Regiment Capital Advisors, LLC 70 Federal Street, 7th Floor Boston, MA 02110 Attn: Brooke Carroll	$42,857,142.86	7.14285714%	$7,142,857.14	1.78571429%
Stark Event Trading Ltd. c/o Staro Asset Mgt., LLC 3600 South Lake Drive St. Francis, WI 53235-3716 Attn: Jeff Froemming Ben Waisbren	$37,500,000.00	6.25000000%	$12,500,000.00	3.12500000%
Stonehill Institutional Partners, LP c/o Stonehill Investment corp. 110 East 59th Street, 30th Floor New York, NY 10022 Attn: Ann Mauro	$3,000,000.00	0.50000000%	$2,000,000.00	0.50000000%
Suntrust Bank 303 Peachtree Street	$3,000,000.00	0.50000000%	$7,000,000.00	1.75000000%

24th Floor, Mail Code 3956 Atlanta, GA 30308 Attn: Eric Brune				
Toronto Dominion (New York), Inc. 909 Fannin, Suite 1700 Houston, TX 77010 Attn: David Parker	- --	--	$10,000,000.00	2.50000000%
Watershed Asset Management				
Watershed Capital Institutional Partners, L.P. c/o Watershed Asset Mgt., LLC One Maritime Plaza, Suite 2535 San Francisco, CA 94111 Attn: Kellie Hata	$5,993,292.00	0.99888200%	$22,532,289.00	5.63307225%
Watershed Capital Partners L.P. c/o Watershed Asset Mgt., LLC One Maritime Plaza, Suite 2535 San Francisco, CA 94111 Attn: Kellie Hata	$2,006,708.00	0.33445133%	$7,544,389.00	1.88609725%
Watershed Capital Partners (Offshore), Ltd. c/o Watershed Asset Mgt., LLC One Maritime Plaza, Suite 2535 San Francisco, CA 94111 Attn: Kellie Hata	- --	--	$7,923,322.00	1.98083050%
Totals:	**$600,000,000.00**	**100.00%**	**$400,000,000.00**	**100.00%**

FOURTEENTH AMENDMENT
UAL CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN
(Effective as of July 12, 1994)

By virtue and in exercise of the amending power reserved to UAL Corporation (the "Company") under Section 13.1(a) of the UAL Corporation Employee Stock Ownership Plan (effective as of July 12, 1994) (the "Plan"), which amending power thereunder is subject to the approval of the Air Line Pilots Association International ("ALPA") and the International Association of Machinists and Aerospace Workers (the "IAM"), the Company hereby amends the Plan to reflect the changes in the law made by the passage of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and adopts provisions reflecting final regulations governing minimum required distributions, subject to the approval of ALPA and the IAM, as follows.

I. The following Appendix B is hereby added to the plan:

"APPENDIX B

PROVISIONS TO REFLECT CHANGES UNDER THE ECONOMIC GROWTH

AND TAX RELIEF RECONCILIATION ACT OF 2001

PREAMBLE

A. Adoption and effective date of amendment. This Appendix B to the Plan is adopted to reflect certain provisions of EGTRRA and is intended as good faith compliance with the requirements of EGTRRA and to be construed in accordance with EGTRRA and guidance issued thereunder. Except as otherwise provided, this amendment shall be effective as of the first day of the first Plan Year beginning after December 31, 2001.

B. Supersession of inconsistent provisions. This amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this amendment.

1 Modification of Top-Heavy Rules.

(a) Effective Date. This Section shall apply for purposes of determining whether the Plan is a top-heavy plan under Section 416(g) of the Code for Plan Years beginning after December 31, 2001, and whether the Plan satisfies the minimum benefits requirements of Section 416(c) of the Code for such years. This Section 1 amends the relevant provisions of Section 14 of the Plan.

(b) Determination of Top-Heavy Status.

(i) Key Employee. Key Employee means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the Determination Date was an officer of the Employer having annual compensation greater than $130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the Employer, or a 1-percent owner of the Employer having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(ii) Determination of present values and amounts. This Section 1(b)(ii) shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of Employees as of the Determination Date.

(1) Distributions during year ending on the Determination Date. The present values of accrued benefits and the amounts of account balances of an Employee as of the Determination Date shall be increased by the distributions made with respect to the Employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the 1-year period ending on the Determination Date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting "5-year period" for "1-year period."

(2) Employees not performing services during year ending on the Determination Date. The accrued benefits and accounts of any individual who has not performed services for the Employer during the 1-year period ending on the Determination Date shall not be taken into account.

(c) Minimum Benefits.

(i) Matching contributions. Employer matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Section 416(c)(2) of the Code and the Plan. The preceding sentence shall apply with respect to matching contributions under the Plan or, if the Plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Employer matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of Section 401(m) of the Code.

2 Direct Rollovers of Plan Distributions.

(a) Effective Date. This Section 2 shall apply to distributions made after December 31, 2001.

(b) Modification of Definition of Eligible Retirement Plan. For purposes of the direct rollover provisions in Section 7.5 of the Plan, an eligible retirement plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code.

IN WITNESS WHEREOF, the Company has caused this Fourteenth Amendment to be executed on December 19, 2002.

UAL CORPORATION

/s/ Francesca M. Maher

APPROVED BY:

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

/s/ Duane E. Woerth

/s/ Paul R. Whiteford Jr.

INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE WORKERS

/s/ Scotty Ford

/s/ S.R. Canale

UAL CORPORATION 1995 DIRECTORS PLAN

(As Amended and Restated Effective as of October 24, 2002)

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UAL CORPORATION
1995 DIRECTORS PLAN

(As Amended and Restated Effective as of October 24, 2002)

SECTION 1

General

1.1. Purpose, History and Effective Date. UAL Corporation (the "Company") previously maintained the UAL Corporation 1992 Stock Plan for Outside Directors (the "Prior Plan") which provided certain benefits to non-employee directors of the Company. In order to (i) encourage stock ownership by directors to further align their interests with those of the stockholders of the Company, while at the same time providing flexibility for directors who, due to their individual circumstances, may be unable to take stock in lieu of cash compensation, and (ii) add certain deferral features for fees and stock awards and other items of cash compensation as determined by the Board of Directors, the Company authorized a variety of compensation alternatives, including those set forth in the Prior Plan, that would be available to Outside Directors (as defined in subsection 1.2) and established the UAL Corporation 1995 Directors Plan (the "Plan"). The Plan and any and all amendments thereto were effective immediately upon the respective approval thereof by the Board of Directors, except that subsections 1.4, 1.5, 1.7, 1.8, 2.1, 3.1, 3.2 and 3.4 and all references to Stock Awards, Stock Deferrals and the Company Stock Subaccount were first effective on and the Prior Plan was terminated as of July 3, 1995 (the "Initial Effective Date"). Stock deferrals made prior to the Initial Effective Date under the Prior Plan were treated as deferrals under subsection 4.2 of the Plan. The following provisions constitute an amendment, restatement and continuation of the Plan as in effect immediately prior to October 24, 2002.

1.2. Participation. Only Outside Directors shall be eligible to participate in the Plan. As of any applicable date, an "Outside Director" is a person who is serving as a director of the Company who is not an employee of the Company or any subsidiary of the Company as of that date.

1.3. Administration. The authority to manage and control the operation and administration of the Plan shall be vested in the Executive Committee of the Board (the "Committee"). Subject to the limitations of the Plan, the Committee shall have the sole and complete authority to:

(a) interpret the Plan and to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan;

(b) correct any defect or omission and to reconcile any inconsistency in the Plan or in any payment made hereunder; and

(c) to make all other determinations and to take all other actions necessary or advisable for the implementation and administration of the Plan.

The Committee's determinations on matters within its control shall be conclusive and binding on the Company and all other persons. Notwithstanding the foregoing, no member of the Committee shall act with respect to the administration of the Plan except to the extent consistent with the exempt status of the Plan under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 16b-3").

1.4. Shares Subject to the Plan. Shares of stock which may be distributed under the plan are shares of common stock of the Company, par value $.01 per share ("Stock"). The maximum number of shares of Stock which shall be available for distribution or issuance pursuant to the Plan shall be 400,000, all of which shall consist of treasury shares of Stock (including, in the discretion of the Company, shares of Stock purchased in the open market). The number of such shares of Stock to be distributed pursuant to (i) Outside Directors' elections to receive shares of Stock in lieu of Eligible Cash Fees (as described in subsection 3.1) shall be determined in accordance with Section 3, (ii) awards of Deferred Stock Units (as described in subsection 2.2) shall be determined in accordance with subsection 2.2, (iii) Outside Directors' Deferral Elections (as described in Section 4) shall be determined in accordance with Section 4 and (iv) stock awards (as described in subsection 2.1) shall be determined in accordance with subsection 2.1; provided, however, that:

(a) in the event of any merger, consolidation, reorganization, recapitalization, spinoff, stock dividend, stock split, reverse stock split, rights offering, exchange or other change in the corporate structure or capitalization of the Company affecting the Stock, the number and kind of shares of Stock available for awards under Section 2 and the annual awards of Stock and Deferred Stock Units provided thereunder shall be equitably adjusted in such manner as the Committee shall determine in its sole judgment;

(b) in determining what adjustment, if any, is appropriate pursuant to paragraph (a), the Committee may rely on the advice of such experts as they deem appropriate, including counsel, investment bankers and the accountants of the Company; and

(c) no fractional shares shall be granted pursuant to any adjustment pursuant to paragraph (a), although cash payments may be authorized in lieu of fractional shares that may otherwise result from such an equitable adjustment.

1.5. Compliance with Applicable Laws. Notwithstanding any other provision of the Plan, the Company shall have no obligation to deliver any shares of Stock under the Plan unless such delivery would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity. Prior to the delivery of any shares of Stock under the Plan, the Company may require a written statement that the recipient is acquiring the shares for investment and not for the purpose or with the intention of distributing the shares. If the redistribution of shares is restricted pursuant to this subsection 1.5, the certificates representing such shares may bear a legend referring to such restrictions.

1.6. Director and Shareholder Status. The Plan will not give any person the right to continue as a director of the Company, or any right or claim to any benefits under the Plan unless such right or claim has specifically accrued under the terms of the Plan. Participation in the Plan shall not create any rights in a director (or any other person) as a shareholder of the Company until shares of Stock are registered in the name of the director (or such other person).

1.7. Definition of Fair Market Value. The "Fair Market Value" of a share of Stock on any date shall be equal to the average of the high and low prices of a share of Stock reported for New York Stock Exchange Composite Transactions for the applicable date or, if there are no such reported trades for such date, for the last previous date for which trades were reported.

1.8. Source of Payments. Except for Stock actually delivered pursuant to the Plan, the Plan constitutes only an unfunded, unsecured promise of the Company to make payments or awards to directors (or other persons) or deliver Stock in the future in accordance with the terms of the Plan.

1.9. Nonassignment. Neither a director's nor any other person's rights to payments or awards under the Plan are subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the director.

1.10. Elections. Any notice or document required to be filed with the Committee under the Plan will be properly filed if delivered or mailed by registered mail, postage prepaid, or sent via facsimile or by electronic mail, to the Committee, in care of the Company's Corporate Secretary's Office, at the Company's principal executive offices. The Committee may, by advance written notice to affected persons, revise such notice procedure from time to time. Any

notice required under the Plan may be waived by the person entitled thereto.

SECTION 2

Awards

2.1. Formula Stock Awards. As of the first business day of January of each year commencing on and after January 1, 1997, each Outside Director shall be awarded 400 shares of Stock ("Stock Award").

2.2. Deferred Stock Units. As of December 31, 2002 and each December 31st thereafter, each person who was an Outside Director at any time during the calendar year ended on that date shall be awarded 189 deferred stock units (each such unit representing the right to receive a share of Stock at a future date) ("Deferred Stock Units"). Notwithstanding the foregoing, the number of Deferred Stock Units awarded to an Outside Director who is not an Outside Director for the entire calendar year shall be prorated based on the number of whole calendar months he or she was an Outside Director during such calendar year.

SECTION 3

Receipt of Stock in Lieu of Eligible Cash Fees

3.1. Election to Receive Stock. Subject to the terms and conditions of the Plan, including subsection 3.3, each Outside Director may elect (but not retroactively) to forego receipt of all or any portion of the Eligible Cash Fees (as defined below) payable to him or her for any period and instead to receive whole shares of Stock of equivalent value to the Eligible Cash Fees so foregone (determined in accordance with subsection 3.4). An election under this subsection 3.1 to have Eligible Cash Fees paid in shares of Stock shall be valid only if it is in writing, signed by the Outside Director, and filed with the Committee in accordance with uniform and nondiscriminatory rules adopted by the Committee and shall be effective with respect to Eligible Cash Fees payable after the date on which it is received by the Committee (or as soon as practicable thereafter) or such later date specified in the election. For purposes of the Plan, the term "Eligible Cash Fees" means the retainer fees, meeting fees, committee fees, committee chair fees, and any other items of cash compensation as designated by the Board of Directors that would otherwise be payable to the Outside Director by the Company in cash as established, from time to time, by the Board or any committee thereof, including without limitation, the amounts credited to an Outside Director's Deferred Compensation Account (as hereinafter defined) pursuant to resolutions (the "Retirement Plan Resolutions") adopted by the Board on September 26, 1996 in respect of the cessation of benefit accruals under the UAL Corporation Retirement Plan for Outside Directors (the "Retirement Plan").

3.2. Revocation of Election to Receive Stock. Once effective, an election pursuant to subsection 3.1 to receive Stock shall remain in effect until it is revised or revoked. Any such revision or revocation shall be in writing, signed by the Outside Director and filed with the Committee and shall be effective with respect to Eligible Cash Fees payable after the date on which it is received by the Committee (or as soon as practicable thereafter) or such later date specified in such notice.

3.3. Election Pursuant to Retirement Plan Resolutions. If no election to have Eligible Cash Fees which have been credited to an Outside Director's Deferred Compensation Account pursuant to the Retirement Plan Resolutions deferred in the form of cash is received on or before December 1, 1996, such Outside Director shall automatically be deemed to have elected to have such fees deferred in the form of Stock.

3.4. Equivalent Amount of Stock.

(a) The number of whole shares of Stock to be distributed to any Outside Director, or credited to his or her Deferred Compensation Account (as defined in subsection 4.3) pursuant to a Deferral Election made in accordance with Section 4, by reason of his or her election pursuant to subsection 3.1 to receive Stock in lieu of Eligible Cash Fees or pursuant to subsection 3.3 shall be equal to:

(i) the amount of the Eligible Cash Fees which the Outside Director has elected to have paid to him or her in shares of Stock or credited to his or her Company Stock Subaccount (as defined in subsection 4.3);

DIVIDED BY:

(ii) (A) the Fair Market Value of a share of Stock as of the date on which such Eligible Cash Fees would otherwise have been payable to the Outside Director or (B) in the case of Eligible Cash Fees credited pursuant to the Retirement Plan Resolutions, the average Fair Market Value of a share of Stock for the twenty consecutive trading days ending December 31, 1996.

(b) The Fair Market Value of any fractional share shall be paid to the Outside Director in cash; provided, however, that fractional shares subject to a Deferral Election filed in accordance with subsection 4.1 shall be deferred and credited to the Company Stock Subaccount.

SECTION 4

Deferral Elections

4.1. Deferrals of Fees.

(a) General. Subject to the terms and conditions of the Plan, each Outside Director, by filing a written "Deferral Election" with the Committee in accordance with uniform and nondiscriminatory rules adopted by the Committee, may elect to defer the receipt of all or any portion of the Eligible Cash Fees otherwise payable to him or her for any period (including any Eligible Cash Fees that he or she has elected to receive in Stock pursuant to Section 3) until a future date (the "Distribution Date") specified by the Outside Director in his or her Deferral Election as of which payment of his or her Deferred Compensation Account attributable to amounts deferred pursuant to his or her Deferral Election shall commence in accordance with subsection 4.4; provided, however, that in no event shall the Distribution Date elected pursuant to this subsection 4.1(a) be different from the Distribution Date, if any, elected by the Outside Director pursuant to subsection 4.2. If no Distribution Date is specified in an Outside Director's Deferral Election or has otherwise been elected by the Outside Director pursuant to subsection 4.2,

the Distribution Date shall be deemed to be the first business day in January of the year following the date on which the Outside Director ceases to be a director of the Company for any reason. An Outside Director's Deferral Election shall be effective with respect to Eligible Cash Fees (including any Eligible Cash Fees that he or she has elected to receive in Stock pursuant to Section 3) and (i) which are otherwise payable to him or her for services rendered after the last day of the calendar year in which such election is made or (ii) which are otherwise payable to him or her at least six months after the date on which such election is filed with the Committee, as specified in the Deferral Election. Notwithstanding the foregoing, except as provided in subsection 4.1(b):

(A) a Deferral Election which is filed with the Committee within 45 days after the date on which a director first becomes an Outside Director shall be effective with respect to all Eligible Cash Fees (including any Eligible Cash Fees that he or she has elected to receive in Stock pursuant to Section 3) otherwise payable to him or her after the date the Deferral Election is received by the Committee (or as soon as practicable thereafter) or such later date specified in the Deferral Election; and

(B) by notice filed with the Committee in accordance with uniform and nondiscriminatory rules established by it, an Outside Director may terminate or modify any Deferral Election as to Eligible Cash Fees which are payable at least six months after the date on which such notice is filed with the Committee or which are payable to the Outside Director for services rendered after the last day of the calendar year in which the notice is filed with the Committee; provided, however, that no modification may be made to the Distribution Date unless the Outside Director shall file such notice with the Committee at least six months prior thereto.

Notwithstanding the foregoing provisions of this subsection 4.1(a), the Committee may, in its sole discretion, after considering all of the pertinent facts and circumstances, approve a change to a Distribution Date which is requested by an Outside Director less than six months prior thereto.

(b) Deferral of Eligible Cash Fees Credited Pursuant to Retirement Plan Resolutions and Subsection 2.2. A Deferral Election shall be deemed to have been made and shall be effective automatically without the requirement of a written Deferral Election for the Eligible Cash Fees credited to the Plan pursuant to (i) the Retirement Plan Resolutions, the deferral of which is mandatory pursuant to the terms of such resolutions, and (ii) subsection 2.2, the deferral of which is mandatory. The Distribution Date for such deferrals shall not be different than the Distribution Date selected pursuant to subsections 4.1(a) and 4.2; provided, however, that in no event shall the Distribution Date for such Eligible Cash Fees be earlier than the first business day in January of the year following the date on which the Outside Director ceases to be a director of the Company for any reason.

4.2. Deferral of Stock Awards and Deferred Stock Units. Subject to the terms and conditions of the Plan, each Outside Director, by filing a written "Stock Deferral Election" with the Committee in accordance with uniform and nondiscriminatory rules adopted by the Committee, may elect to defer the receipt of all or any portion of the Stock Award which is otherwise to be made to him or her for 1996 and subsequent years until the Distribution Date; provided, however, that if no Distribution Date has been elected (or is deemed to have been elected) pursuant to subsection 4.1, the "Distribution Date" shall be the date specified by the Outside Director in his or her Stock Deferral Election or, if no such date is specified, the first business day in January of the year following the date on which the Outside Director ceases to be a director of the Company for any reason. An Outside Director's Stock Deferral Election shall be effective with respect to Stock Awards otherwise to be made to him or her pursuant to subsection 2.1 (i) after the last day of the calendar year in which such election is filed with the Committee or (ii) at least six months after the date on which such election is made, as specified in the Stock Deferral Election. Notwithstanding the foregoing, by notice filed with the Committee in accordance with uniform and nondiscriminatory rules established by it, an Outside Director may terminate or modify any Stock Deferral Election as to Stock Awards to be made at least six months after the date on which such notice is filed with the Committee or which are to be made for services rendered after the last day of the calendar year in which the notice is filed with the Committee; provided, however, that no modification may be made to the Distribution Date unless the Outside Director shall file such notice with the Committee at least six months prior thereto. Notwithstanding the provisions of this subsection 4.2, the Committee may, in its sole discretion, after considering all of the pertinent facts and circumstances, approve a change to the Distribution Date which is requested by an Outside Director less than six months prior thereto. The Distribution Date for Deferred Stock Units awarded pursuant to subsection 2.2 shall be established, and may be modified, in the same manner as the Distribution Date for Stock Awards as provided in this subsection 4.2; provided, however, that in no event shall the Distribution Date for Deferred Stock Units be earlier than the first business day in January of the year following the date on which the Outside Director ceases to be a director of the Company for any reason. Subject to the proviso to the preceding sentence, the Distribution Date for Deferred Stock Units awarded pursuant to subsection 2.2 shall be the same as the Distribution Date, if any, for Stock Awards pursuant to this subsection 4.2.

4.3. Crediting and Adjustment of Deferred Amounts. The amount of any Eligible Cash Fees (including any Eligible Cash Fees that he or she has elected to receive in Stock pursuant to Section 3) deferred pursuant to subsection 4.1 or the Retirement Plan Resolutions ("Deferred Compensation"), and the amount of any Stock Award deferred by an Outside Director pursuant to a Stock Deferral Election and any Deferred Stock Unit (each, a "Stock Deferral"), shall be credited to a bookkeeping account maintained by the Company in the name of the Outside Director (the "Deferred Compensation Account"), which account shall consist of two subaccounts, one known as the "Cash Subaccount" and the other as the "Company Stock Subaccount." Any Stock Deferrals and Eligible Cash Fees that the Outside Director has elected or is deemed to have elected to receive in Stock pursuant to Section 3 and which he or she has also elected to defer pursuant to subsection 4.1 or is required to defer pursuant to subsection 2.2 or the Retirement Plan Resolutions shall be credited to his or her Company Stock Subaccount. Any other Deferred Compensation shall be credited to his or her Cash Subaccount. An Outside Director's Deferred Compensation Account shall be adjusted as follows:

(a) As of the first day of February, May, August and November, and as of the Initial Effective Date (each such date referred to herein as an "Accounting Date"), the Outside Director's Cash Subaccount shall be adjusted as follows:

(i) first, the amount of any distributions made since the last preceding Accounting Date and attributable to the Cash Subaccount shall be charged to the Cash Subaccount;

(ii) next, the balance of the Cash Subaccount after adjustment in accordance with subparagraph (i) above shall be credited with interest for the period since the last preceding Accounting Date computed at the prime rate as reported by *The Wall Street Journal* for the current Accounting Date, or if such date is not a business day, for the next preceding business day, except that, for the February 1, 1997 Accounting Date, the portion of the Cash Subaccount representing amounts credited pursuant to the last sentence of this paragraph (a) shall be credited with interest for only the period since December 31, 1996;

(iii) next, on the Accounting Date occurring on Initial Effective Date, the balance in the Cash Subaccount shall be charged with a distribution equal to that portion of the balance in the Cash Subaccount which is attributable to Eligible Cash Fees payable prior to the Initial Effective Date which the Outside Director has elected to receive in Stock pursuant to Section 3 and which were credited to the Cash Subaccount pursuant to the Outside Director's Deferral Election (as adjusted in accordance with the terms of the Plan through the Initial Effective Date); and

(iv) finally, after adjustment in accordance with the foregoing provisions of this paragraph (a), the Cash Subaccount shall be credited with the portion of the Deferred Compensation or Supplemental Benefit (as defined in the Retirement Plan Resolutions) otherwise payable to the Outside Director since the last preceding Accounting Date or, in the case of the Accounting Date occurring on February 1, 1995, subsequent to January 1, 1995, which is to be credited to the Cash Subaccount, excluding amounts previously credited pursuant to the following sentence.

In addition, as of the close of business on December 31, 1996, the Cash Subaccount shall be credited with the Eligible Cash Fees to be credited to such account pursuant to the Retirement Plan Resolutions which the Outside Director has elected to receive in cash.

(b) The Outside Director's Company Stock Subaccount shall be adjusted as follows:

(i) as of the Initial Effective Date, the Company Stock Subaccount shall be credited with that number of stock units ("Stock Units") which is equal to the amount charged to the Cash Subaccount as of that date pursuant to subparagraph (a) (iii) next above, divided by the Fair Market Value of a share of Stock as of the Initial Effective Date;

(ii) as of any date on or after the Initial Effective Date on which Eligible Cash Fees would have been payable to the Outside Director in Stock but for his or her Deferral Election, and as of December 31, 1996, in the case of the Eligible Cash Fees credited pursuant to the Retirement Plan Resolutions which the Outside Director has elected to take in Stock pursuant to Section 3, the Company Stock Subaccount shall be credited with a number of Stock Units equal to the number of shares of Stock (including any fractional shares) to which he or she would have been entitled pursuant to Section 3;

(iii) as of the date on which a Stock Award would be made to the Outside Director pursuant to subsection 2.1 but for his or her Stock Deferral Election, the Company Stock Subaccount shall be credited with a number of Stock Units equal to the number of shares of Stock that would have been awarded to the Outside Director as of such date but for his or her Stock Deferral Election;

(iv) as of December 31, 1997, and each December 31st thereafter, the Company Stock Subaccount shall be credited with a number of Stock Units equal to the number of Deferred Stock Units awarded pursuant to subsection 2.2;

(v) as of the date on which shares of Stock are distributed to the Outside Director in accordance with subsection 4.4 below, the Company Stock Subaccount shall be charged with an equal number of Stock Units; and

(vi) as of the record date for any dividend (other than a stock dividend) paid on Stock, the Company Stock Subaccount shall be credited with that number of additional Stock Units which is equal to the number obtained by multiplying the number of Stock Units then credited to the Company Stock Subaccount by the amount of the cash dividend or the fair market value (as determined by the Board of Directors) of any dividend in kind payable on a share of Stock and dividing that product by the then Fair Market Value of a share of Stock.

In the event of any merger, consolidation, reorganization, recapitalization, spinoff, stock dividend, stock split, reverse stock split, rights offering, exchange or other change in the corporate structure or capitalization of the Company affecting the Stock, each Outside Director's Company Stock Subaccount shall be equitably adjusted in such manner as the Committee shall determine in its sole judgment.

4.4. Payment of Deferred Compensation Account. Except as otherwise provided in this subsection 4.4 or subsection 4.5, the balances credited to the Cash Subaccount and Company Stock Subaccount of an Outside Director's Deferred Compensation Account shall each be payable to the Outside Director in 10 annual installments commencing as of the Distribution Date and continuing on each annual anniversary thereof. Notwithstanding the foregoing, an Outside Director may elect, by filing a notice with the Committee at least six months prior to the Distribution Date, to change the number of payments to a single payment or to any number of annual payments not in excess of ten; provided, however, that the Committee may, in its sole discretion, after considering all of the pertinent facts and circumstances, approve a change to the payment form which is requested by an Outside Director less than six months prior to the Distribution Date .. Each such payment shall include a cash portion, if applicable, and a Stock portion, if applicable, as follows:

(a) The cash portion to be paid as of the Distribution Date or any anniversary thereof and charged to the Cash Subaccount shall be equal to the balance of the Cash Subaccount multiplied by a fraction, the numerator of which is one and the denominator of which is the number of remaining payments to be made, including such payment.

(b) The Stock portion to be paid as of the Distribution Date or any anniversary thereof and charged to the Company Stock Subaccount shall be distributed in whole shares of Stock, the number of shares of which shall be determined by rounding to the next lower integer the product obtained by multiplying the number of Stock Units then credited to the Outside Director's Company Stock Subaccount by a fraction, the numerator of which is one and the denominator of which is the number of remaining payments to be made, including such payment. The Fair Market Value of any fractional share of Stock remaining after all Stock distributions have been made to the Outside Director pursuant to this paragraph (b) shall be paid to the Outside Director in cash.
Notwithstanding the foregoing, the Committee, in its sole discretion, may distribute all balances in any Deferred Compensation Account and/or all of the balance in any Company Stock Subaccount to the Outside Director (or former Outside Director) in a lump sum as of any date.

4.5. Payments in the Event of Death. If an Outside Director dies before payment of his or her Deferred Compensation Account commences, all amounts then credited to his or her Deferred Compensation Account shall be distributed to his or her Beneficiary (as described below), as soon as practicable after his or her death, in a lump sum. If an Outside Director dies after payment of his or her Deferred Compensation Account has commenced but before the entire balance of such account has been distributed, the remaining balance thereof shall be distributed to his or her Beneficiary, as soon as practicable after his or her death, in a lump sum. Any amounts in the Cash Subaccount shall be distributed in cash and any amounts in the Company Stock Subaccount shall be distributed in whole shares of Stock determined in accordance with subsection 4.4(b), and the Fair Market Value of any fractional share of Stock shall be distributed in cash. For purposes of the Plan, the Outside Director's "Beneficiary" is the person or persons the Outside Director designates, which designation shall be in writing, signed by the Outside Director and filed with the Committee prior to the Outside Director's death. A Beneficiary designation shall be effective when filed with the Committee in accordance with the preceding sentence. If more than one Beneficiary has been designated, the balance in the Outside Director's Deferred Compensation Account shall be distributed to each such Beneficiary per capita (with cash distributed in lieu of any fractional share of Stock). In the absence of a Beneficiary designation or if no Beneficiary survives the Outside Director, the Beneficiary shall be the Outside Director's estate.

4.6. Multiple Distribution Dates. If, as a result of the applicable proviso to the last sentence of subsection 4.1(b) or the penultimate sentence of 4.2 (the "Multiple Distribution Date Rules"), there shall be more than one Distribution Date for an Outside Director's Cash Subaccount or Company Stock Subaccount, then the Company shall take all steps reasonably practicable to divide the respective subaccount into two separate subaccounts, so that the credits, charges and payments related to the different Distribution Dates are kept separate. In the event an Outside Director has attempted to elect more than one Distribution Date pursuant to the provisions of subsections 4.1 and 4.2 (other than under the circumstances contemplated by the preceding sentence), the following rules of construction shall apply:

(a) the most recent Distribution Date election received by the Company in accordance with the Plan shall constitute a revocation of all prior Distribution Date elections; and

(b) with respect to contemporaneous elections, elections made pursuant to subsection 4.2 shall take precedence over elections made pursuant to subsection 4.1, elections made pursuant to subsection 4.1(a) shall take precedence over elections made pursuant to subsection 4.1(b), and elections made with respect to Stock Awards shall take precedence over elections made with respect to Deferred Stock Units.

Amendment and Termination

While the Company expects and intends to continue the Plan, the Board of Directors of the Company reserves the right to, at any time and in any way, amend, suspend or terminate the Plan; provided, however, that no amendment, suspension or termination shall:

(a) be made without shareholder approval to the extent such approval is required by law, agreement or the rules of any exchange or automated quotation system upon which the Stock is listed or quoted;

(b) except as provided in subsection 4.4 (relating to lump sum payments of amounts held in an Outside Director's Deferred Compensation Account) or this Section 5, materially alter or impair the rights of an Outside Director under the Plan without the consent of the Outside Director with respect to rights already accrued hereunder; or

(c) make any change that would disqualify the Plan or any other plan of the Company intended to be so qualified from the exemption provided by Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

SECTION 6

Summary of Amendments

The shareholders approved a stock split in the form of a 300% stock dividend on April 24, 1996. The authorized shares and the Stock Awards awarded prior to the stock split have been adjusted to reflect the stock split pursuant to resolutions approved by the Board on February 29, 1996.

The Board of Directors amended the Plan pursuant to resolutions adopted on September 26, 1996. The purpose of the amendment was to provide for the grant of annual Deferred Stock Units under the Plan on December 31, 1996 and each December 31 thereafter as a replacement of the benefit that was accruing to active Outside Directors under the Retirement Plan. This annual deferred stock credit is calculated by dividing $8,500 by the average market value of shares in December 1996. In addition, the Board approved the one-time transfer of a lump sum amount equal to the present value of the Outside Director's accrued benefit under the Retirement Plan as of December 31, 1996.

The Board of Directors approved an amendment to the Plan pursuant to resolutions adopted on June 26, 1997. The purpose of the amendment was to provide for an increase in the number of annual Deferred Stock Units to Outside Directors to be implemented in two equal steps on December 31, 1997 and December 31, 1998 as a restoration of the 10% reduction in meeting and retainer fees taken in 1993 (and reaffirmed by the Board in 1994). This increase in the deferred stock credit is calculated by taking the average value of the 10% reduction ($4,400) using the average market value of shares in December 1997.

The Board of Directors approved an amendment and restatement of the Plan pursuant to resolutions adopted on April 30, 2002. The purpose of the amendment and restatement was to liberalize the stock and deferral election procedures under the Plan.

The Board of Directors approved an amendment and restatement of the Plan pursuant to resolutions adopted on July 29, 2002. The purpose of the amendment and restatement was to delete the limit on the number of shares that are available for stock awards.

The Board of Directors approved an amendment and restatementof the Plan pursuant to resolutions adopted on October 24, 2002. The purpose of the amendment and restatement was to specify the number of shares available for issuance under the Plan.

Exhibit 10.44

Employment Agreement
Amendment No. 1

THIS AMENDMENT, made as of the 8th day of December, 2002, by and between UAL Corporation, a Delaware corporation ("UAL") and United Air Lines, Inc., a Delaware corporation ("UA", UAL and UA sometimes collectively referred to as "United") and Glenn F. Tilton ("Executive").

WITNESSETH THAT:

WHEREAS, the parties hereto have executed an employment agreement, dated as of September 5, 2002 providing for the employment by United of the Executive (the "Employment Agreement"); and

WHEREAS, the parties hereto hereby desire to amend the Employment Agreement ("Amendment");

NOW THEREFORE, the parties hereto hereby agree as follows:

1. Section 3.b. shall be amended to read as follows:

***b. Base Salary*.** During the Employment Period, the Company will pay the Executive a base salary (the "Base Salary") at an initial rate of $950,000 per year in accordance with the Company's standard payroll practices to be reduced **by 11% commencing with the first pay period following the filing of a Chapter 11 petition with the U.S. Bankruptcy Court / to $845,500 commencing on December 16, 2002.** The Base Salary will be reviewed as part of the normal salary administration program for the Company's senior executives by the Compensation Committee of the Board (the "Committee"), for purposes of considering increases in the Executive's Base Salary in light of the Committee's executive compensation philosophy statement then in effect, the performance by the Executive of his duties under this Agreement, and base salaries of chief executive officers of companies in the peer group identified by the Committee in its executive compensation policy. During the Employment Period the Committee will review and consider further increases in the Base Salary, at times and pursuant to the procedures used in connection with considering base salary adjustments for United's other senior executives. Base Salary will not thereafter during the term of this Agreement be decreased, unless such reduction (i) is approved by the Board in accordance with the standards set forth in the UAL Restated Certificate of Incorporation, and (ii) is applied on a proportionally similar and no less favorable basis to Executive than to substantially all other management employees of United.

2. No Other Changes. In all other respects, the provisions of the Employment Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 as of the date first written above.

UAL CORPORATION

/s/ Glenn F. Tilton
Glenn F. Tilton

By /s/ Francesca M. Maher
Francesca M. Maher
Senior Vice President,
General Counsel and Secretary

Amendment No. 2

THIS AMENDMENT No. 2 is made as of this 17th day of February, 2003 to the Employment Agreement (the "Employment Agreement") dated September 5, 2002 by and between Glenn F. Tilton ("Executive"), and UAL Corporation and United Airlines, Inc. (collectively, "United").

RECITALS

A. United desires to continue the employment of Executive as Chairman of the Board, President and Chief Executive Officer of United and Executive desires to continue such employment.

B. Section 10(f) of the Employment Agreement authorizes amendment of the Employment Agreement by a written agreement signed by Executive and United.

C. United and Executive wish to amend and clarify the terms of the Employment Agreement.

NOW, THEREFORE, in consideration of the premises and covenants contained herein, United and Executive agree as follows:

1. The second sentence of Section 3(a) of the Employment Agreement is amended and restated to read as follows:

"The Executive agrees to repay an amount equal to the Signing Bonus if the Executive's employment with the Company is terminated either due to voluntary resignation by Executive other than for Good Reason (as defined in Section 4(d)) or by the Company for Cause (as defined in Section 4(c)) on or before the earlier of June 1, 2004, or the date on which the bankruptcy court confirms a plan of reorganization or liquidation under Chapter 11 of the U.S. Bankruptcy Code."

2. The third sentence of Section 3(g)(i) of the Employment Agreement is amended and restated to read as follows:

"If Executive's employment with United is terminated either due to voluntary resignation by Executive other than for Good Reason (as defined in Section 4(d)) or by United for Cause (as defined in Section 4(c)) and the effective date of termination is on or before the first anniversary of the Employment Date, then Executive will forfeit 100 percent of his interest in his account under the Glenn Tilton Secular Trust No. 1."

3. The third sentence of Section 3(g)(ii) of the Employment Agreement is amended and restated to read as follows:

"If Executive's employment with United is terminated either due to voluntary resignation by Executive other than for Good Reason (as defined in Section 4(d)) or by United for Cause (as defined in Section 4(c)) and the effective date of termination is on or before the second anniversary of the Employment Date, then Executive will forfeit 100 percent of his interest in his account under the Glenn Tilton Secular Trust No. 2."

4. The third sentence of Section 3(g)(iii) of the Employment Agreement is amended and restated to read as follows:

"If Executive's employment with United is terminated either due to voluntary resignation by Executive other than for Good Reason (as defined in Section 4(d)) or by United for Cause (as defined in Section 4(c)) and the effective date of termination is on or before the third anniversary of the Employment Date, then Executive will forfeit 100 percent of his interest in his account under the Glenn Tilton Secular Trust No. 3."

5. Section 3(h) of the Employment Agreement is amended by adding the following sentence to the end of such section:

"Notwithstanding the foregoing, Executive and United agree that (i) the severance benefits provided under this Agreement are in lieu of severance benefits provided under any plan, practice, program, or policy of United and that Executive will not be entitled to receive additional severance benefits under any plan, practice, program or policy of United which provides severance benefits to its senior executives or other employees, and (ii) the Signing Bonus provided under this Agreement is in lieu of any bonus under the UAL Corporation Retention and Recognition Bonus Plan (the "KERP") and that Executive will not be eligible to participate in or entitled to receive any bonus payment under the KERP."

6. Section 4(c) of the Employment Agreement is amended by adding the following sentence at the end of such section:

"It is the intent of the parties to this Agreement that the definition of Cause shall not include differences of agreement with respect to strategy or implementation of business plans or the success or lack of success of any such strategy or implementation. Accordingly, no action taken or omitted to be taken by the Executive in the Executive's good faith belief that such action or failure to act was in the best interest of United (provided that such action or inaction was taken or omitted to be taken by the Executive in his good faith belief that it was not inconsistent with directions received from the Board or orders of the bankruptcy court), shall be a basis for Cause under Section 4(c)(ii)."

7. Section 4(e) of the Employment Agreement is amended by adding the following at the end thereof:

"Notwithstanding the foregoing, in no event shall a Change of Control be deemed to occur as a result of any event which occurs prior to, or on account of, consummation of a plan of reorganization of United other than a Change of Control arising under

clause (i) above, by reason of a merger with another commercial airline company which results in the holders of claims and/or interests in United outstanding immediately prior to the merger or consolidation receiving or continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) less than 80% of the combined voting power of the securities of United or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or under clause (ii) above, by reason of the receipt of securities pursuant to a plan of reorganization of United which constitutes at least 25% or more of the total combined voting power of United's then outstanding securities, which were received on account of any claims acquired after the date hereof and held as of the consummation of the plan of reorganization by any person, entity or group of associated persons or entities acting in concert, acquiring such claims with the intent to control the management and policies of United on an ongoing basis following reorganization, or under clause (iii) above, by reason of the sale of assets to another commercial airline, unless such sale results in either (x) creditors or interestholders of United receiving in consideration or exchange for their claims and/or interests in United at least 80% of the combined voting power of the acquirer, or (y) United receiving at least 80% of the combined voting power of the acquirer."

8. Section 5(d)(iii) of the Employment Agreement is amended by adding the following at the end thereof:

"provided, however, that in the event of a termination under this Section 5(d) prior to approval of a plan of reorganization of United, the Base Salary taken into account under this Section 5(d)(iii) shall not exceed $845,500;"

9. Section 5(e)(iii) of the Employment Agreement is amended by adding the following at the end thereof:

"provided, however, that in the event of a termination under this Section 5(e) prior to approval of a plan of reorganization of United, the Base Salary and Target Bonus taken into account under this Section 5(e)(iii) shall each not exceed $845,500; and, provided further, that in the event of a Change of Control described in 4(e)(i) or 4(e)(iii) occurring as a result of any event which occurs prior to or on account of consummation of a plan of reorganization, the amount payable under this Section 5(e)(iii) shall be limited to three times the Executive's Base Salary (provided that the Base Salary taken into account for this purpose shall not exceed $845,500)."

10. Section 5(i) of the Employment Agreement is amended by adding the following in lieu of the period at the end thereof:

"; provided, however, that any agreement for additional severance, compensation or benefits payable in the event of a termination of employment prior to the confirmation of a plan of reorganization of United shall be subject to approval of the bankruptcy court."

11. Reasonable attorney fees incurred by the Executive in connection with this amendment and the assumption of the Employment Agreement by United shall be paid or reimbursed by United.

IN WITNESS WHEREOF, United and Executive have executed this Amendment as of the date first above written.

UAL CORPORATION
By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Senior Vice President, General Counsel & Secretary

UNITED AIR LINES, INC.
By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Senior Vice President, General Counsel & Secreatary

EXECUTIVE
/s/ Glenn F. Tilton
Glenn F. Tilton

Amendment No. 1
to
Glenn F. Tilton Secular Trust Agreement No. 1

THIS AMENDMENT NO. 1 is made as of this 17th day of February, 2003 to the Glenn F. Tilton Trust Agreement No. 1 dated September 5, 2002 (the "Trust") by and among UAL Corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, as trustee (the "Trustee").

WHEREAS, Section 9(a) of the Trust authorizes its amendment by a written instrument executed by the Company, the Executive and the Trustee; and

WHEREAS, the parties hereto wish to amend the Trust to reflect the terms of the Amendment to Executive's Employment Agreement, dated February 17, 2003, a copy of which is attached.

NOW, THEREFORE, the Company, Executive and Trustee agree as follows:

1. The first sentence of Section 2(c) of the Trust is amended and restated to read as follows:

"If, as provided in the amended Employment Agreement, Executive's employment is terminated either by Executive other than for Good Reason or by the Company for Cause and the effective date of such termination is on or before September 2, 2003, then Executive will forfeit 100% of his interest in the Trust Fund."

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the date first above written.

Attest:

/s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

UAL CORPORATION

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Sr. Vice President, General Counsel and Corporate Secretary

Attest:

/s/ Helen M. Stirk
Name: Helen M. Stirk
Title: Sr. Vice President and Assistant Secretary

THE NORTHERN TRUST COMPANY, as Trustee

By: /s/ James R. Jacobson
Name: James R. Jacobson
Title: Second Vice President

GLENN F. TILTON

/s/ Glenn F. Tilton

Amendment No. 2
to
Glenn F. Tilton Secular Trust Agreement No. 1

THIS AMENDMENT NO. 2 is made as of this 28th day of February, 2003 to the Glenn F. Tilton Trust Agreement No. 1 dated September 5, 2002 (the "Trust") by and among UAL Corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, as trustee (the "Trustee").

WHEREAS, Section 9(a) of the Trust authorizes its amendment by a written instrument executed by the Company, the Executive and the Trustee; and

WHEREAS, the parties hereto wish to amend the Trust to reflect the terms of the Amendment to Executive's Employment Agreement, dated February 17, 2003, a copy of which is attached.

NOW, THEREFORE, the Company, Executive and Trustee agree as follows:

1. The second sentence of Section 2(c) of the Trust is amended and restated to read as follows:

"Executive or the Company may provide written notice to the Trustee of the Executive's termination (with a copy to the other party) and stating therein whether such termination constitutes termination by the Executive for Good Reason or by the Company for Cause."

IN WITNESS WHEREOF, the parties have executed this Amendment No. 2 as of the date first above written.

Attest:

/s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

UAL CORPORATION

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Sr. Vice President, General Counsel & Secretary

Attest:

/s/ Helen M. Stirk
Name: Helen M. Stirk
Title: Sr. Vice President & Assistant Secretary

THE NORTHERN TRUST COMPANY, as Trustee

By: /s/ Scott G. Borton
Name: Scott G. Borton
Title: Vice President

GLENN F. TILTON

/s/ Glenn F. Tilton

Amendment No. 1
to
Glenn F. Tilton Secular Trust Agreement No. 2

THIS AMENDMENT NO. 1 is made as of this 17th day of February, 2003 to the Glenn F. Tilton Trust Agreement No. 2 dated September 5, 2002 (the "Trust") by and among UAL Corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, as trustee (the "Trustee").

WHEREAS, Section 9(a) of the Trust authorizes its amendment by a written instrument executed by the Company, the Executive and the Trustee; and

WHEREAS, the parties hereto wish to amend the Trust to reflect the terms of the Amendment to Executive's Employment Agreement, dated February 17, 2003, a copy of which is attached.

NOW, THEREFORE, the Company, Executive and Trustee agree as follows:

1. The first sentence of Section 2(c) of the Trust is amended and restated to read as follows:

"If, as provided in the amended Employment Agreement, Executive's employment is terminated either by Executive other than for Good Reason or by the Company for Cause and the effective date of such termination is on or before September 2, 2004, then Executive will forfeit 100% of his interest in the Trust Fund."

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the date first above written.

Attest:

/s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

UAL CORPORATION

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Sr. Vice President, General Counsel & Secretary

Attest:

/s/ Helen M. Stirk
Name: Helen M. Stirk
Title: Sr. Vice President & Assistant Secretary

THE NORTHERN TRUST COMPANY, as Trustee

By: /s/ James R. Jacobson
Name: James R. Jacobson
Title: Second Vice President

GLENN F. TILTON

/s/ Glenn F. Tilton

Amendment No. 2
to
Glenn F. Tilton Secular Trust Agreement No. 2

THIS AMENDMENT NO. 2 is made as of this 28th day of February, 2003 to the Glenn F. Tilton Trust Agreement No. 2 dated September 5, 2002 (the "Trust") by and among UAL Corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, as trustee (the "Trustee").

WHEREAS, Section 9(a) of the Trust authorizes its amendment by a written instrument executed by the Company, the Executive and the Trustee; and

WHEREAS, the parties hereto wish to amend the Trust to reflect the terms of the Amendment to Executive's Employment Agreement, dated February 17, 2003, a copy of which is attached.

NOW, THEREFORE, the Company, Executive and Trustee agree as follows:

1. The second sentence of Section 2(c) of the Trust is amended and restated to read as follows:

> "Executive or the Company may provide written notice to the Trustee of the Executive's termination (with a copy to the other party) and stating therein whether such termination constitutes termination by the Executive for Good Reason or by the Company for Cause."

IN WITNESS WHEREOF, the parties have executed this Amendment No. 2 as of the date first above written.

Attest:

/s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

UAL CORPORATION

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Sr. Vice President, General Counsel & Secretary

Attest:

/s/ Helen M. Stirk
Name: Helen M. Stirk
Title: Sr. Vice President & Assistant Secretary

THE NORTHERN TRUST COMPANY, as Trustee

By: /s/ Scott G. Borton
Name: Scott G. Borton
Title: Vice President

GLENN F. TILTON

/s/ Glenn F. Tilton

Amendment No. 1
to
Glenn F. Tilton Secular Trust Agreement No. 3

THIS AMENDMENT NO. 1 is made as of this 17th day of February, 2003 to the Glenn F. Tilton Trust Agreement No. 3 dated September 5, 2002 (the "Trust") by and among UAL Corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, as trustee (the "Trustee").

WHEREAS, Section 9(a) of the Trust authorizes its amendment by a written instrument executed by the Company, the Executive and the Trustee; and

WHEREAS, the parties hereto wish to amend the Trust to reflect the terms of the Amendment to Executive's Employment Agreement, dated February 17, 2003, a copy of which is attached.

NOW, THEREFORE, the Company, Executive and Trustee agree as follows:

1. The first sentence of Section 2(c) of the Trust is amended and restated to read as follows:

> "If, as provided in the amended Employment Agreement, Executive's employment is terminated either by Executive other than for Good Reason or by the Company for Cause and the effective date of such termination is on or before September 2, 2005, then Executive will forfeit 100% of his interest in the Trust Fund."

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the date first above written.

Attest:	UAL CORPORATION
/s/ Mary Jo C. Georgen Name: Mary Jo C. Georgen Title: Assistant Corporate Secretary	By: /s/ Francesca M. Maher Name: Francesca M. Maher Title: Sr. Vice President, General Counsel & Corporate Secretary
Attest:	THE NORTHERN TRUST COMPANY, as Trustee
/s/ Helen M. Stirk Name: Helen M. Stirk Title: Sr. Vice President and Assistant Secretary	By: /s/ James R. Jacobson Name: James R. Jacobson Title: Second Vice President
	GLENN F. TILTON
	/s/ Glenn F. Tilton

Amendment No. 2
to
Glenn F. Tilton Secular Trust Agreement No. 3

THIS AMENDMENT NO. 2 is made as of this 28th day of February, 2003 to the Glenn F. Tilton Trust Agreement No. 3 dated September 5, 2002 (the "Trust") by and among UAL Corporation (the "Company"), Glenn F. Tilton (the "Executive") and The Northern Trust Company, as trustee (the "Trustee").

WHEREAS, Section 9(a) of the Trust authorizes its amendment by a written instrument executed by the Company, the Executive and the Trustee; and

WHEREAS, the parties hereto wish to amend the Trust to reflect the terms of the Amendment to Executive's Employment Agreement, dated February 17, 2003, a copy of which is attached.

NOW, THEREFORE, the Company, Executive and Trustee agree as follows:

1. The second sentence of Section 2(c) of the Trust is amended and restated to read as follows:

> "Executive or the Company may provide written notice to the Trustee of the Executive's termination (with a copy to the other party) and stating therein whether such termination constitutes termination by the Executive for Good Reason or by the Company for Cause."

IN WITNESS WHEREOF, the parties have executed this Amendment No. 2 as of the date first above written.

Attest:

/s/ Mary Jo C. Georgen
Name: Mary Jo C. Georgen
Title: Assistant Corporate Secretary

UAL CORPORATION

By: /s/ Francesca M. Maher
Name: Francesca M. Maher
Title: Sr. Vice President, General Counsel & Secretary

Attest:

/s/ Helen M. Stirk
Name: Helen M. Stirk
Title: Sr. Vice President & Assistant Secretary

THE NORTHERN TRUST COMPANY, as Trustee

By: /s/ Scott G. Borton
Name: Scott G. Borton
Title: Vice President

GLENN F. TILTON

/s/ Glenn F. Tilton

Exhibit 10.55

Contract No: 162493

AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of February 16, 2003 (the "Effective Date") between United Air Lines, Inc. ("UA") and UAL Corporation ("UAL", UA and UAL sometimes collectively referred to as "United") and Rono J. Dutta residing at 1044 Mohawk Rd, Wilmette, Illinois 60091 (sometimes referred to as "Executive").

WHEREAS, Executive is presently an employee of UA (such position is hereinafter referred to as the "Executive Position"), and may hold various positions and directorships with UA, UAL, or subsidiaries or affiliates thereof;

WHEREAS, United and Executive desire to fully settle and resolve any and all issues arising out of Executive's employment with United and the termination of his or her full time employment as an executive officer by United;

WHEREAS, United wishes to retain certain limited services of Executive, and Executive wishes to provide said services to United, in accordance with the terms and conditions set forth herein; and

WHEREAS, Executive has agreed in this Agreement to provide such services and to release United from certain liabilities, as set forth in this Agreement, arising out of Executive's ceasing to serve in the Executive Position;

NOW, THEREFORE, it is agreed by and between United and Executive as follows:

1. Relinquishment of Title; Continued Employment. Executive hereby ceases to serve in the Executive Position, ffective as of the Effective Date. Thereafter, Executive will continue to be actively employed by United, but Executive will perform services for United by being "on call", including testifying on behalf of United, and subject to such other assignments consistent with Executive's experience and reasonably acceptable to Executive as may be reasonably requested by either the person who is Executive's supervisor immediately prior to the Effective Date (the "Supervisor") or the Supervisor's successor; provided that such requests shall not unreasonably interfere with any employment or business pursuits, including consulting, that Executive may be engaged in from time to time.

2. Time Period of Employment

A. United agrees to employ Executive and Executive agrees to be employed by United on the basis stated in Paragraph 1 from the Effective Date through the earlier of (i) 11:59 p.m. of September 30, 2004 or (ii) the termination of this Agreement and Executive's employment pursuant to Paragraph 4 hereof (such period, the "Term").

B. Notwithstanding the foregoing, if the Term ends pursuant to Paragraph 2(A)(ii) above, by virtue of the operation of Paragraph 4(A)(i), Executive's beneficiaries will have the benefits accorded to the beneficiaries of an active officer who dies.

3. Compensation and Benefits.

A. Salary. Commencing on February 16, 2003 through the end of the Term, United will pay Executive a monthly salary in the amount of $2,000.00. Such payments will be made on the same schedule as salary payments are made to actively employed officers of United from time to time, currently the 15th and last day of each month. During the Term, Executive will not be entitled to any increase nor subject to any decrease in such salary payments. Any amounts will be prorated for any partial month. All payments made pursuant to this paragraph 3 will be subject to withholding for taxes and other purposes as required by applicable law.

B. Incentive Compensation. Executive will not be eligible for an award under the Performance Incentive Plan or any successor plan for 2003 or any subsequent year.

C. Benefits. Notwithstanding what may be provided to other active employees of United from time to time or whether Executive may have been covered by a benefit plan prior to the Effective Date, the only benefits that Executive shall be entitled to during the Term are as follows:

(i) Free and Reduced Rate Transportation. United shall provide to Executive and his eligibles free and reduced rate transportation of the type granted to actively employed officers in accordance with company regulations and officer travel policies as revised from time to time.

(ii) United Air Lines, Inc. Management, Administrative and Public Contact Defined Benefit Pension "Plan". Executive shall continue to receive service credit under The Term. No participation credit will be given under any defined qualified or non-qualified benefit plan commencing on The Effective Date.

(iii) Management Medical/Dental. Executive and his or her eligible dependents shall continue to be covered by the Management Medical/Dental Plan in the same manner as other active management employees. In the event active management employees are required to pay a portion of the premium or cost for coverage under the Medical/Dental Plan, Executive shall be entitled to such coverage provided he makes all required payments in a timely manner as determined by the Plan Administrator of the Management Medical/Dental Plan.

(iv) Group Life Insurance. Executive shall continue to be covered by Group Life Insurance including Contributory Life Insurance (if so covered) based on his or her annual salary amount immediately prior to the Effective Date, on the same basis as other active management employees, provided the appropriate payroll deductions are authorized and in accordance with the terms of the policies.

(v) Officer's Accidental Death and Dismemberment Insurance. Executive's Officer's Accidental Death and Dismemberment coverage will continue until the end of the Term.

(vi) (a) Stock. Executive shall forfeit all vested and unvested stock options granted under UAL's equity incentive plans (the "Equity Plans") prior to the Effective Date. Executive shall forfeit any unvested restricted stock granted to him or her pursuant to the Equity Plans.

(b) Executive will not be eligible for any grants made under the Equity Plans, or any successor plans, after the Effective Date.

(vii) Other Benefits. Executive will continue to be eligible to participate in the Flexible Spending Account, and will be eligible for payroll savings bonds on the same basis as other active employees. Executive will also be eligible to utilize the Credit Union subject to its rules.

(viii) Vacation and Holidays. No vacation or holiday time will be accrued or taken after the Effective Date. Executive forfeits any unused accrued vacation.

(ix) Outplacement Benefits. For a period of 12 months commencing on the Effective Date Executive will be provided with outplacement assistance appropriate to the Executive Position held by the Executive prior to the Effective Date.

(x) Office Equipment. Executive shall return all office equipment, access badges, parking cards, UATP cards, credit card, cellular telephones, pagers and other wireless devices provided to him or her by United.

(xi) Disability Income Benefits. You will not be eligible for the Disability Plan (the "LTD Plan").

D. Each of the benefits enumerated in Paragraph 3(C) is subject to the practices, rules, and regulations of United, as in effect from time to time.

E. (i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by Executive hereunder, when taken together with any payment or benefits received or to be received pursuant to the terms of any other plan, arrangement or agreement with United, or any affiliate thereof (all such payments and benefits being hereinafter called "Total Payments") would be subject (in whole or part), to any excise tax (the "Excise Tax") imposed under section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then, the payments under Paragraph 3(A) shall first be reduced and individual benefits under Paragraph 3(C) shall thereafter be eliminated, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments); provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraphs 3(A).

(ii) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to the Effective Date, United's independent auditor, does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

F. Air Transportation Safety and System Stabilization Act.

(i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Executive hereunder, when taken together with any payment or benefits received or to be received pursuant to the terms of any other plan, arrangement, or agreement with United, or any affiliate thereof which is, in the opinion of counsel selected by United ("Counsel"), included in "Total Compensation" as defined by Section 104(b) of the Air Transportation Safety and System Stabilization Act (the "Act") would, in the opinion of Counsel, exceed the limitation under Section 104(a) of the Act, then the payments under Paragraph 3(A) included in Total Compensation shall first be reduced and individual benefits under Paragraph 3(C) included in Total Compensation shall thereafter be eliminated, provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraph 3(A).

(ii) Paragraph 3(F)(i) will not apply if (a) United does not apply for Federal credit instrument under the Act by the deadline stipulated in the Act or any amendment thereto or (b) if United does apply for a Federal credit instrument under the Act by the deadline but such Federal credit instrument is not actually issued to United for any reason other than because the Executive's Total Compensation exceeds the limitation under Section 104(a) of the Act.

4. Termination of Employment Under Agreement.

A. Non-Election of Executive. Executive's employment under this Agreement shall terminate and Executive will no longer have the status of an active employee of United and will no longer be entitled to any of the benefits of this Agreement (including the entitlement to the payment and benefits described in Paragraph 3(C), other than those required by law or otherwise vested), on the happening of the earliest of the following events:

(i) Executive's death;

(ii) Any material breach by Executive of Paragraph 6 or 9 hereof or the failure by Executive to provide notice to United pursuant to Paragraph 4(B)(i) hereof;

(iii) Executive's termination for Cause (as defined below).

For purposes hereof, "Cause" shall mean (a) the willful and continued failure by Executive to substantially perform Executive's duties with United (other than any such failure resulting from Executive's incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to Executive by the Supervisor, which demand specifically identifies the manner in which the Supervisor believes that Executive has not substantially performed Executive's duties, and Executive shall not have substantially performed within a reasonable time after receipt of such notice, (b) the willful engaging by Executive in conduct, including any conduct that is a violation of Executive's duties set forth under Paragraph 7 or 8 hereof, which is demonstrably and materially injurious to United or its subsidiaries, monetarily or otherwise or (c) Executive's conviction for the commission of a felony. For purposes of clauses (a) and (b) of this definition, no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of United.

B. Election of Executive. (i) During the Term, if Executive elects to terminate his or her employment for any reason, Executive will receive no further payments under Paragraphs 3(A) above, and will no longer be entitled to any benefits under Paragraph 3(C) (other than benefits required by law or otherwise vested). Before Executive's election to terminate under this paragraph can become effective, Executive must have provided United seven (7) days' written notice of his election by registered mail addressed to the General Counsel of United at its principal World Headquarters offices. Executive's termination of employment will be as of the seventh (7th) day after receipt by United of such notice, at which time he or she will no longer have the status of an active employee of United (including the entitlement to benefits described in Paragraph 3(C), other than benefits required by law or otherwise vested).

(ii) During the Term, if Executive takes a Competitive Position (as defined below) with a Competitor (as defined below) upon agreeing to such employment, he:

(a) must immediately so notify United in writing by registered mail addressed to the General Counsel of United at its principal World Headquarters offices;

(b) will be deemed to have elected to terminate his employment under this Agreement (including the entitlement to benefits described in Paragraph 3(C)) effective as of the day Executive becomes employed by such Competitor; and

(c) will be entitled to no further compensation after such effective date.

For purposes of this Agreement, (1) "Competitor" means any airline or air carrier or any company affiliated, directly or indirectly, with another airline or air carrier and (2) "Competitive Position" means becoming employed by, a member of the board of directors of, a consultant to, or to otherwise provide services of any nature to a Competitor directly or indirectly. If during the Term, Executive desires to provide services whether as a consultant, employee or otherwise to a Competitor and requests that United consent to such provision of such services, United will reasonably consider such request and will not unreasonably withhold, delay or condition its consent. In the event United consents to Executive's providing such services, there will not be a termination of the Executive's employment under the Agreement pursuant to this Paragraph 4(B)(ii).

C. Survival. Notwithstanding any termination of Executive's employment under this Agreement, Executive shall continue to be bound by (1) the provisions of Paragraphs 6 through 16 hereof, and (2) the provisions of Paragraph 4(B)(ii)(a) hereof.

5. Regulations. During his or her employment, Executive will be governed by applicable United regulations, as in effect from time to time, to the extent that such regulations are consistent with Executive's status as an on-call employee.

6. Confidentiality.

A. For purposes of this Agreement "Confidential Information" shall mean and include, but not be limited to, the kinds of services provided or proposed to be provided by United to customers, the manner in which such services are performed or offered to be performed, information concerning United's fleet plan, cost structure, strategic plan, labor strategy, information concerning the creation, acquisition or disposition of products and services, personnel information, and other trade secrets and confidential or proprietary information concerning United's business, but shall not include information which (I) is or becomes generally available to

the public other than as a result of a disclosure by Executive, (II) was available to Executive on a non-confidential basis prior to its disclosure by UAL or UA, or (III) becomes available to Executive on a non-confidential basis from a person other than UAL, UA or their officers, directors, employees or agents who is not otherwise bound by any confidentiality obligations with respect to the information provided to Executive (the "Confidential Information").

B. (i) Executive acknowledges that: (a) United's business is intensely competitive and that Executive's employment by United has required and during the Term may continue to require that Executive have access to and knowledge of Confidential Information of United, (b) the direct or indirect disclosure of any Confidential Information would place United at a disadvantage and would do damage, monetary or otherwise, to United's business, and (c) the engaging by Executive in any of the activities prohibited by this Paragraph 6 may constitute improper appropriation or use of such Confidential Information. Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectible business interest of United.

(ii) Whether directly or indirectly, individually, as a director, stockholder, owner, partner, employee, principal, or agent of any business, or in any other capacity, during the Term of this Agreement and for the two (2) year period thereafter, Executive shall not make known, disclose, furnish, make available or utilize any of the Confidential Information, other than in the proper performance of the duties contemplated under this Agreement. Executive shall return any tangible Confidential Information, including photocopies, extracts and summaries thereof, or any such information stored electronically on tapes, computer disks, or in any other manner that Executive has in his possession (a) on the Effective Date of this Agreement, (b) at the end of the Term, and (c) at such time as United requests Executive to do so.

(iii) Executive acknowledges and agrees that due to the confidential and proprietary nature of the Confidential Information he or she possesses, a breach or threatened breach by him or her of any of the provisions contained in this Paragraph 6 will cause United irreparable injury. Therefore, in addition to any other rights or remedies, Executive agrees that United shall be entitled to a temporary, preliminary, and permanent injunction enjoining or restraining Executive from any such violation or threatened violation, without the necessity of proving the inadequacy of monetary damages or the posting of any bond or security. Executive consents to jurisdiction for such enforcement in any state or federal court in the State of Illinois.

(iv) Executive further acknowledges and agrees that due to the uniqueness of his services and confidential nature of the Confidential Information he or she possesses, the covenants set forth herein are reasonable and necessary for the protection of the business and goodwill of United.
Executive understands that it is United's intent to have this promise of confidentiality enforced to its fullest extent. Accordingly, Executive and United agree that, if any portion of this promise of confidentiality is unenforceable, the court should still construe and enforce this promise of confidentiality to the fullest extent permitted by law.

C. Executive agrees to keep the terms of and circumstances surrounding this Agreement and of his or her working arrangement, as defined herein, confidential except that the source and amount of his or her income may be revealed as necessary for tax, loan purposes and the like.

7. Non-Disparagement

.
A. Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (a) accuses or implies that United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to Executive's employment (or the termination thereof), the business or operations of United, or otherwise; or (b) disparages, impugns or in any way reflects adversely upon the business or reputation of United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns.

B. United agrees not to willfully authorize any statement, observation or opinion (whether oral or written, direct or indirect) that is materially injurious to Executive and that (a) accuses or implies that Executive engaged in any wrongful, unlawful or improper conduct relating to Executive's employment with United or (b) disparages, impugns or in any way reflects adversely upon the reputation of Executive.

C. Nothing herein shall be deemed to preclude Executive or United from providing truthful testimony or information pursuant to subpoena, court order or similar legal process.

8. Non-Solicitation of Employees: Executive agrees that Executive will not, during the Term, directly or indirectly, for the benefit of any Competitor (as defined in Paragraph 4(B) hereof) of United, solicit the employment or services of, hire, or assist in the hiring of any person eligible for the Performance Incentive Plan or any successor Plan.

9. Assent and Release.

A. In consideration for the payments and benefits provided in this Agreement, Executive hereby voluntarily, knowingly, willingly, irrevocably, and unconditionally releases UA and UAL together with their respective parents, subsidiaries and affiliates, and each of their respective officers, directors, employees, representatives, attorneys and agents, and each of their respective predecessors, successors and assigns (collectively, the "Releasees") from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, causes of action, rights, costs, losses, debts, and expenses of any nature whatsoever, known or unknown, which against them Executive or his or her successors or assigns ever had, now have or hereafter can, shall or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, fact or cause whatsoever arising from the beginning of

time to the date of this Agreement, including without limitation all claims arising under Title VII of the Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 ("ADEA"), the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, each as amended; and all other federal, state or local laws, rules, regulations, judicial decisions or public policies now or hereafter recognized, including but not limited to the California Fair Employment and Housing Act, the Colorado anti-discrimination laws, the Illinois Human Rights Act, the New Jersey Law Against Discrimination and the New York City and State Human Rights Law, each as amended. This release by Executive of the Releasees also includes, without limitation, all claims arising under each employee pension, employee welfare, and executive compensation plan of United now in effect or hereafter adopted, except for any benefits to be provided to Executive under this Agreement or in the normal course of Executive's employment through the Effective Date. It is agreed that this paragraph shall survive termination of the Agreement. Nothing in this Paragraph 9 shall affect or impair any right that Executive has to either (1) indemnification pursuant to United's bylaws or applicable law or (2) any vested benefit under United's employee benefit plans.

B. Executive expressly acknowledges and agrees that, by entering into this Agreement, Executive is waiving any and all rights or claims that he may have arising under the ADEA, as amended, which have arisen on or before the date of execution of this Agreement. Executive further expressly acknowledges and agrees that:

(i) In return for this Agreement, Executive will receive compensation beyond that which he was already entitled to receive before entering into this Agreement;

(ii) Executive has been advised by United to consult with an attorney before signing this Agreement;

(iii) Executive was given a copy of this Agreement on or before February 20, 2003. Executive has been informed that Executive has not less than twenty-one (21) days from February 20, 2003 within which to consider the Agreement and, if Executive considers this Agreement for fewer than 21 days, then Executive agrees that he has had a reasonable period of time to consider the Agreement; and

(iv) Executive was informed that Executive had seven (7) days following the date of execution of the Agreement in which to revoke the Agreement. After seven (7) days this Agreement will become effective, enforceable and irrevocable unless written revocation is received by the undersigned from Executive on or before the close of business on the seventh (7th) day after Executive executed this Agreement. If Executive revokes this Agreement it shall not be effective or enforceable and Executive will not receive the compensation or benefits described in this Agreement.

C. Waiver of Unknown Claims: It is the intention of Executive and United in executing this Agreement that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, Executive hereby expressly waives any and all rights and benefits conferred upon Executive by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to Executive, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Executive acknowledges that Executive may hereafter discover claims or facts in addition to or different from those which Executive now knows or believes to exist with respect to the subject matter of this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected this settlement.

10. Non-Assignability; Assignment in the Event of Acquisition or Merger. This Agreement and the benefits hereunder are not assignable or transferable by Executive; the rights and obligations of United under this Agreement will automatically be deemed to be assigned by United to any corporation or entity into which United may be merged or consolidate.

11. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by the laws of, the State of Illinois, without regard to principles of conflict of laws.

12. Paragraph Reference. Any reference to paragraphs or subparagraphs shall be references to paragraphs or subparagraphs of this Agreement unless expressly stated otherwise.

13. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect the other provisions or applications of this Agreement which can be given effect without the invalid provisions or application in accordance with the essential intent and purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable. Moreover, if any one or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law and with the essential intent and purpose of this Agreement.

14. Supersedes Prior Agreement(s). This Agreement supersedes and voids any prior oral or written agreement relating in any way to Executive's employment with UA or UAL which may have been entered into between the parties hereto. Any change to this Agreement after the Effective Date must be in writing and must be executed by UA, UAL and Executive.

15. No Mitigation. United agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by United pursuant to this Agreement. Furthermore, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to United, or otherwise.

16. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Chicago, Illinois, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. Executive consents to arbitration in Chicago, Illinois, as set forth above, agrees that judgment may be entered in the courts of the State of Illinois on any such arbitration award, consents to the jurisdiction of the courts of Illinois, both state and federal, for the enforcement of any such arbitration award and agrees not to disturb such choice of forum. Notwithstanding the above, Executive further agrees that United may seek temporary, preliminary or permanent injunctive relief to enforce the provisions contained in Paragraph 6, without first proceeding to arbitration.

17. Representations by United. United hereby represents and warrants to Executive that; (a) the execution, delivery and performance of this Agreement by United have been duly authorized by all necessary actions by United, (b) this Agreement has been duly executed and delivered by United to Executive, and (c) this Agreement constitutes the valid and legally binding obligation of United and is enforceable against United in accordance with its terms.

United and Executive, having read and understood this Agreement and, having consulted with others as appropriate, hereby agree to be bound by its terms.

18. No Administrative Claim. Executive hereby acknowledges and agrees that nothing in this Agreement, nor any breach thereof, shall give rise to administrative claim under sections 503 or 507 of the Bankruptcy Code and further agrees that he will not assert an entitlement to such administrative claim the Bankruptcy Court or any other judicial or arbitral forum.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of February 19, 2003, at the World Headquarters of United Air Lines, Inc., 1200 East Algonquin Road, Elk Grove Twp., Illinois 60007.

UAL CORPORATION AND UNITED AIR LINES, INC.	EXECUTIVE
By: /s/ Glenn F. Tilton	/s/ Rono J. Dutta
Name: Glenn F. Tilton	Rono J. Dutta
Title: Chairman, President and Chief Executive Officer	

Exhibit 10.56

Contract No: 162496

AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of February 16, 2003 (the "Effective Date") between United Air Lines, Inc. ("UA") and UAL Corporation ("UAL", UA and UAL sometimes collectively referred to as "United") and Andrew P. Studdert residing at 2844 Blackhawk Road, Wilmette, Illinois 60091 (sometimes referred to as "Executive").

WHEREAS, Executive is presently an employee of UA (such position is hereinafter referred to as the "Executive Position");

WHEREAS, United and Executive desire to fully settle and resolve any and all issues arising out of Executive's employment with United and the termination of his or her full time employment as an executive officer by United;

WHEREAS, United wishes to retain certain limited services of Executive, and Executive wishes to provide said services to United, in accordance with the terms and conditions set forth herein; and

WHEREAS, Executive has agreed in this Agreement to provide such services and to release United from certain liabilities, as set forth in this Agreement, arising out of Executive's ceasing to serve in the Executive Position;

NOW, THEREFORE, it is agreed by and between United and Executive as follows:

1. Continued Employment. Effective as of the Effective Date, Executive will continue to be actively employed by United, and Executive will perform services for United by being "on call", including testifying on behalf of United, and subject to such other assignments consistent with Executive's experience and reasonably acceptable to Executive as may be reasonably requested by either the person who is Executive's supervisor immediately prior to the Effective Date (the "Supervisor") or the Supervisor's successor; provided that such requests shall not unreasonably interfere with any employment or business pursuits, including consulting, that Executive may be engaged in from time to time.

2. Time Period of Employment

A. United agrees to employ Executive and Executive agrees to be employed by United on the basis stated in Paragraph 1 from the Effective Date through the earlier of (i) 11:59 p.m. of September 30, 2004 or (ii) the termination of this Agreement and Executive's employment pursuant to Paragraph 4 hereof (such period, the "Term").

B. Notwithstanding the foregoing, if the Term ends pursuant to Paragraph 2(A)(ii) above, by virtue of the operation of Paragraph 4(A)(i), Executive's beneficiaries will have the benefits accorded to the beneficiaries of an active officer who dies.

3. Compensation and Benefits.

A. Salary. Commencing on February 16, 2003 through the end of the Term, United will pay Executive a monthly salary in the amount of $1,000.00. Such payments will be made on the same schedule as salary payments are made to actively employed officers of United from time to time, currently the 15th and last day of each month. During the Term, Executive will not be entitled to any increase nor subject to any decrease in such salary payments. Any amounts will be prorated for any partial month. All payments made pursuant to this paragraph 3 will be subject to withholding for taxes and other purposes as required by applicable law.

B. Incentive Compensation. Executive will not be eligible for an award under the Performance Incentive Plan or any successor plan for 2003 or any subsequent year.

C. Benefits. Notwithstanding what may be provided to other active employees of United from time to time or whether Executive may have been covered by a benefit plan prior to the Effective Date, the only benefits that Executive shall be entitled to during the Term are as follows:

(i) Free and Reduced Rate Transportation. United shall provide to Executive and his eligibles free and reduced rate transportation of the type granted to actively employed officers in accordance with company regulations and officer travel policies as revised from time to time.

(ii) United Air Lines, Inc. Management, Administrative and Public Contact Defined Benefit Pension "Plan". Executive shall continue to receive service credit under The Term. No participation credit will be given under any defined qualified or non- qualified benefit plan commencing on The Effective Date.

(iii) Management Medical/Dental. Executive and his or her eligible dependents shall continue to be covered by the Management Medical/Dental Plan in the same manner as other active management employees. In the event active management employees are required to pay a portion of the premium or cost for coverage under the Medical/Dental Plan, Executive shall be entitled to such coverage provided he makes all required payments in a timely manner as determined by the Plan Administrator of the Management Medical/Dental Plan.

(iv) Group Life Insurance. Executive shall continue to be covered by Group Life Insurance including Contributory Life Insurance (if so covered) based on his or her annual salary amount immediately prior to the Effective Date, on the same basis as other active management employees, provided the appropriate payroll deductions are authorized and in accordance with the terms of the policies or payment is made by such other means as is satisfactory to United.

(v) Officer's Accidental Death and Dismemberment Insurance/Split Dollar Life Insurance. Executive's Officer's Accidental Death and Dismemberment coverage will continue until the end of the Term. If Executive is covered by the Officer's Split Dollar Life Insurance as of the Effective Date, Executive will continue to be covered by such insurance until the end of the Term or, if sooner, until UA cancels such coverage. The terms of Executive's coverage and option for continuation of the Officer's Split Dollar Life Insurance after the end of the Term or upon cancellation will be explained in a separate letter upon the end of the Term or upon cancellation.

(vi) (a) Stock. Executive shall forfeit all vested and unvested stock options granted under UAL's equity incentive plans (the "Equity Plans") prior to the Effective Date. Executive shall forfeit any unvested restricted stock granted to him or her pursuant to the Equity Plans.

(b) Executive will not be eligible for any grants made under the Equity Plans, or any successor plans, after the Effective Date

(vii) Other Benefits. Executive will continue to be eligible to participate in the Flexible Spending Account, and will be eligible for payroll savings bonds on the same basis as other active employees. Executive will also be eligible to utilize the Credit Union subject to its rules.

(viii) Vacation and Holidays. No vacation or holiday time will be accrued or taken after the Effective Date. Executive forfeits any unused accrued vacation.

(ix) Outplacement Benefits. For a period of 12 months commencing on the Effective Date Executive will be provided with outplacement assistance appropriate to the Executive Position held by the Executive prior to the Effective Date.

(x) Office Equipment. Executive shall return all office equipment, access badges, parking cards, UATP cards, credit card, cellular telephones, pagers and other wireless devices provided to him or her by United.

(xi) Disability Income Benefits. You will not be eligible for the Disability Plan (the "LTD Plan").

D Each of the benefits enumerated in Paragraph 3(C) is subject to the practices, rules, and regulations of United, as in effect from time to time.

E. (i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by Executive hereunder, when taken together with any payment or benefits received or to be received pursuant to the terms of any other plan, arrangement or agreement with United, or any affiliate thereof (all such payments and benefits being hereinafter called "Total Payments") would be subject (in whole or part), to any excise tax (the "Excise Tax") imposed under section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then, the payments under Paragraph 3(A) shall first be reduced and individual benefits under Paragraph 3(C) shall thereafter be eliminated, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which Executive would be subject in respect of such unreduced Total Payments); provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraphs 3(A).

(ii) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to the Effective Date, United's independent auditor, does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the Base Amount (as defined in section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

F. Air Transportation Safety and System Stabilization Act.

(i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Executive hereunder, when taken together with any payment or benefits received or to be received pursuant

to the terms of any other plan, arrangement, or agreement with United, or any affiliate thereof which is, in the opinion of counsel selected by United ("Counsel"), included in "Total Compensation" as defined by Section 104(b) of the Air Transportation Safety and System Stabilization Act (the "Act") would, in the opinion of Counsel, exceed the limitation under Section 104(a) of the Act, then the payments under Paragraph 3(A) included in Total Compensation shall first be reduced and individual benefits under Paragraph 3(C) included in Total Compensation shall thereafter be eliminated, provided, however, that Executive may elect to have individual benefits under Paragraph 3(C) eliminated prior to any reduction of the cash payments under Paragraph 3(A).

(ii) Paragraph 3(F)(i) will not apply if (a) United does not apply for Federal credit instrument under the Act by the deadline stipulated in the Act or any amendment thereto or (b) if United does apply for a Federal credit instrument under the Act by the deadline but such Federal credit instrument is not actually issued to United for any reason other than because the Executive's Total Compensation exceeds the limitation under Section 104(a) of the Act.

4. Termination of Employment Under Agreement.

A. Non-Election of Executive. Executive's employment under this Agreement shall terminate and Executive will no longer have the status of an active employee of United and will no longer be entitled to any of the benefits of this Agreement (including the entitlement to the payment and benefits described in Paragraph 3(C), other than those required by law or otherwise vested), on the happening of the earliest of the following events:

(i) Executive's death;

(ii) Any material breach by Executive of Paragraph 6 or 9 hereof or the failure by Executive to provide notice to United pursuant to Paragraph 4(B)(i) hereof;

(iii) Executive's termination for Cause (as defined below).

For purposes hereof, "Cause" shall mean (a) the willful and continued failure by Executive to substantially perform Executive's duties with United (other than any such failure resulting from Executive's incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to Executive by the Supervisor, which demand specifically identifies the manner in which the Supervisor believes that Executive has not substantially performed Executive's duties, and Executive shall not have substantially performed within a reasonable time after receipt of such notice, (b) the willful engaging by Executive in conduct, including any conduct that is a violation of Executive's duties set forth under Paragraph 7 or 8 hereof, which is demonstrably and materially injurious to United or its subsidiaries, monetarily or otherwise or (c) Executive's conviction for the commission of a felony. For purposes of clauses (a) and (b) of this definition, no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of United.

B. Election of Executive. (i) During the Term, if Executive elects to terminate his or her employment for any reason, Executive will receive no further payments under Paragraphs 3(A) above, and will no longer be entitled to any benefits under Paragraph 3(C) (other than benefits required by law or otherwise vested). Before Executive's election to terminate under this paragraph can become effective, Executive must have provided United seven (7) days' written notice of his election by registered mail addressed to the General Counsel of United at its principal World Headquarters offices. Executive's termination of employment will be as of the seventh (7th) day after receipt by United of such notice, at which time he or she will no longer have the status of an active employee of United (including the entitlement to benefits described in Paragraph 3(C), other than benefits required by law or otherwise vested).

(ii) During the Term, if Executive takes a Competitive Position (as defined below) with a Competitor (as defined below) upon agreeing to such employment, he:

(a) must immediately so notify United in writing by registered mail addressed to the General Counsel of United at its principal World Headquarters offices;

(b) will be deemed to have elected to terminate his employment under this Agreement (including the entitlement to benefits described in Paragraph 3(C)) effective as of the day Executive becomes employed by such Competitor; and

(c) will be entitled to no further compensation after such effective date.

For purposes of this Agreement, (1) "Competitor" means any airline or air carrier or any company affiliated, directly or indirectly, with another airline or air carrier and (2) "Competitive Position" means becoming employed by, a member of the board of directors of, a consultant to, or to otherwise provide services of any nature to a Competitor directly or indirectly. If during the Term, Executive desires to provide services whether as a consultant, employee or otherwise to a Competitor and requests that United consent to such provision of such services, United will reasonably consider such request and will not unreasonably withhold, delay or condition its consent. In the event United consents to Executive's providing such services, there will not be a termination of the Executive's employment under the Agreement pursuant to this Paragraph 4(B)(ii).

C. Survival. Notwithstanding any termination of Executive's employment under this Agreement, Executive shall continue to be bound by (1) the provisions of Paragraphs 6 through 16 hereof, and (2) the provisions of Paragraph 4(B)(ii)(a) hereof.

5. Regulations. During his or her employment, Executive will be governed by applicable United regulations, as in effect from time to time, to the extent that such regulations are consistent with Executive's status as an on-call employee.

6. Confidentiality.

A. For purposes of this Agreement "Confidential Information" shall mean and include, but not be limited to, the kinds of services provided or proposed to be provided by United to customers, the manner in which such services are performed or offered to be performed, information concerning United's fleet plan, cost structure, strategic plan, labor strategy, information concerning the creation, acquisition or disposition of products and services, personnel information, and other trade secrets and confidential or proprietary information concerning United's business, but shall not include information which (I) is or becomes generally available to the public other than as a result of a disclosure by Executive, (II) was available to Executive on a non-confidential basis prior to its disclosure by UAL or UA, or (III) becomes available to Executive on a non-confidential basis from a person other than UAL, UA or their officers, directors, employees or agents who is not otherwise bound by any confidentiality obligations with respect to the information provided to Executive (the "Confidential Information").

B. (i) Executive acknowledges that: (a) United's business is intensely competitive and that Executive's employment by United has required and during the Term may continue to require that Executive have access to and knowledge of Confidential Information of United, (b) the direct or indirect disclosure of any Confidential Information would place United at a disadvantage and would do damage, monetary or otherwise, to United's business, and (c) the engaging by Executive in any of the activities prohibited by this Paragraph 6 may constitute improper appropriation or use of such Confidential Information. Executive expressly acknowledges the trade secret status of the Confidential Information and that the Confidential Information constitutes a protectible business interest of United.

(ii) Whether directly or indirectly, individually, as a director, stockholder, owner, partner, employee, principal, or agent of any business, or in any other capacity, during the Term of this Agreement and for the two (2) year period thereafter, Executive shall not make known, disclose, furnish, make available or utilize any of the Confidential Information, other than in the proper performance of the duties contemplated under this Agreement. Executive shall return any tangible Confidential Information, including photocopies, extracts and summaries thereof, or any such information stored electronically on tapes, computer disks, or in any other manner that Executive has in his possession (a) on the Effective Date of this Agreement, (b) at the end of the Term, and (c) at such time as United requests Executive to do so.

(iii) Executive acknowledges and agrees that due to the confidential and proprietary nature of the Confidential Information he or she possesses, a breach or threatened breach by him or her of any of the provisions contained in this Paragraph 6 will cause United irreparable injury. Therefore, in addition to any other rights or remedies, Executive agrees that United shall be entitled to a temporary, preliminary, and permanent injunction enjoining or restraining Executive from any such violation or threatened violation, without the necessity of proving the inadequacy of monetary damages or the posting of any bond or security. Executive consents to jurisdiction for such enforcement in any state or federal court in the State of Illinois.

(iv) Executive further acknowledges and agrees that due to the uniqueness of his services and confidential nature of the Confidential Information he or she possesses, the covenants set forth herein are reasonable and necessary for the protection of the business and goodwill of United. Executive understands that it is United's intent to have this promise of confidentiality enforced to its fullest extent. Accordingly, Executive and United agree that, if any portion of this promise of confidentiality is unenforceable, the court should still construe and enforce this promise of confidentiality to the fullest extent permitted by law.

C. Executive agrees to keep the terms of and circumstances surrounding this Agreement and of his or her working arrangement, as defined herein, confidential except that the source and amount of his or her income may be revealed as necessary for tax, loan purposes and the like.

7. Non-Disparagement.

A. Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (a) accuses or implies that United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to Executive's employment (or the termination thereof), the business or operations of United, or otherwise; or (b) disparages, impugns or in any way reflects adversely upon the business or reputation of United and/or any of its parents, subsidiaries and affiliates, together with their respective present or former officers, directors, partners, shareholders, employees and agents, and each of their predecessors, successors and assigns.

B. United agrees not to willfully authorize any statement, observation or opinion (whether oral or written, direct or indirect) that is materially injurious to Executive and that (a) accuses or implies that Executive engaged in any wrongful, unlawful or improper conduct relating to Executive's employment with United or (b) disparages, impugns or in any way reflects adversely upon the reputation of Executive.

C. Nothing herein shall be deemed to preclude Executive or United from providing truthful testimony or information pursuant to subpoena, court order or similar legal process.

8. Non-Solicitation of Employees: Executive agrees that Executive will not, during the Term, directly or indirectly, for the benefit of any Competitor (as defined in Paragraph 4(B) hereof) of United, solicit the employment or services of, hire, or assist in the hiring of any person eligible for the Performance Incentive Plan or any successor Plan.

9. Assent and Release.

A. In consideration for the payments and benefits provided in this Agreement, Executive hereby voluntarily, knowingly, willingly, irrevocably, and unconditionally releases UA and UAL together with their respective parents, subsidiaries and affiliates, and each of their respective officers, directors, employees, representatives, attorneys and agents, and each of their respective predecessors, successors and assigns (collectively, the "Releasees") from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, causes of action, rights, costs, losses, debts, and expenses of any nature whatsoever, known or unknown, which against them Executive or his or her successors or assigns ever had, now have or hereafter can, shall or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, fact or cause whatsoever arising from the beginning of time to the date of this Agreement, including without limitation all claims arising under Title VII of the Civil Rights Act of 1991, the federal Age Discrimination in Employment Act of 1967 ("ADEA"), the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, each as amended; and all other federal, state or local laws, rules, regulations, judicial decisions or public policies now or hereafter recognized, including but not limited to the California Fair Employment and Housing Act, the Colorado anti-discrimination laws, the Illinois Human Rights Act, the New Jersey Law Against Discrimination and the New York City and State Human Rights Law, each as amended. This release by Executive of the Releasees also includes, without limitation, all claims arising under each employee pension, employee welfare, and executive compensation plan of United now in effect or hereafter adopted, except for any benefits to be provided to Executive under this Agreement or in the normal course of Executive's employment through the Effective Date. It is agreed that this paragraph shall survive termination of the Agreement. Nothing in this Paragraph 9 shall affect or impair any right that Executive has to either (1) indemnification pursuant to United's bylaws or applicable law or (2) any vested benefit under United's employee benefit plans.

B. Executive expressly acknowledges and agrees that, by entering into this Agreement, Executive is waiving any and all rights or claims that he may have arising under the ADEA, as amended, which have arisen on or before the date of execution of this Agreement. Executive further expressly acknowledges and agrees that:

(i) In return for this Agreement, Executive will receive compensation beyond that which he was already entitled to receive before entering into this Agreement;

(ii) Executive has been advised by United to consult with an attorney before signing this Agreement;

(iii) Executive was given a copy of this Agreement on or before February 20, 2003. Executive has been informed that Executive has not less than twenty-one (21) days from February 20, 2003 within which to consider the Agreement and, if Executive considers this Agreement for fewer than 21 days, then Executive agrees that he has had a reasonable period of time to consider the Agreement; and

(iv) Executive was informed that Executive had seven (7) days following the date of execution of the Agreement in which to revoke the Agreement. After seven (7) days this Agreement will become effective, enforceable and irrevocable unless written revocation is received by the undersigned from Executive on or before the close of business on the seventh (7th) day after Executive executed this Agreement. If Executive revokes this Agreement it shall not be effective or enforceable and Executive will not receive the compensation or benefits described in this Agreement.

C. Waiver of Unknown Claims: It is the intention of Executive and United in executing this Agreement that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, Executive hereby expressly waives any and all rights and benefits conferred upon Executive by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to Executive, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Executive and UA acknowledge that Executive and UA may hereafter discover claims or facts in addition to or different from those which Executive and UA now knows or believes to exist with respect to the subject matter of this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected this settlement.

D. UA and UAL together with their respective parents, subsidiaries and affiliates, and each of their respective officers, directors, employees, representatives, attorneys and agents, and each of their respective predecessors, successors and assigns hereby

expressly release Executive from any an all charges, complaints, claims, liabilities, obligations, promises, agreements, causes of action, rights, costs, losses, debts, and expenses of any nature whatsoever, known or unknown, which UA or UAL ever had, now has or hereafter can, shall or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, fact or cause whatsoever arising from the beginning of time to the date of execution of this Agreement.

10. Non-Assignability; Assignment in the Event of Acquisition or Merger. This Agreement and the benefits hereunder are not assignable or transferable by Executive; the rights and obligations of United under this Agreement will automatically be deemed to be assigned by United to any corporation or entity into which United may be merged or consolidate.

11. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Illinois, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by the laws of, the State of Illinois, without regard to principles of conflict of laws.

12. Paragraph Reference. Any reference to paragraphs or subparagraphs shall be references to paragraphs or subparagraphs of this Agreement unless expressly stated otherwise.

13. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect the other provisions or applications of this Agreement which can be given effect without the invalid provisions or application in accordance with the essential intent and purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable. Moreover, if any one or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law and with the essential intent and purpose of this Agreement.

14. Supersedes Prior Agreement(s). This Agreement supersedes and voids any prior oral or written agreement relating in any way to Executive's employment with UA or UAL which may have been entered into between the parties hereto. Any change to this Agreement after the Effective Date must be in writing and must be executed by UA, UAL and Executive.

15. No Mitigation. United agrees that Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by United pursuant to this Agreement. Furthermore, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to United, or otherwise.

16. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Chicago, Illinois, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. Executive consents to arbitration in Chicago, Illinois, as set forth above, agrees that judgment may be entered in the courts of the State of Illinois on any such arbitration award, consents to the jurisdiction of the courts of Illinois, both state and federal, for the enforcement of any such arbitration award and agrees not to disturb such choice of forum. Notwithstanding the above, Executive further agrees that United may seek temporary, preliminary or permanent injunctive relief to enforce the provisions contained in Paragraph 6, without first proceeding to arbitration.

17. Representations by United. United hereby represents and warrants to Executive that; (a) the execution, delivery and performance of this Agreement by United have been duly authorized by all necessary actions by United, (b) this Agreement has been duly executed and delivered by United to Executive, and (c) this Agreement constitutes the valid and legally binding obligation of United and is enforceable against United in accordance with its terms.

United and Executive, having read and understood this Agreement and, having consulted with others as appropriate, hereby agree to be bound by its terms.

18. No Administrative Claim. Executive hereby acknowledges and agrees that nothing in this Agreement, nor any breach thereof, shall give rise to administrative claim under sections 503 or 507 of the Bankruptcy Code and further agrees that he will not assert an entitlement to such administrative claim the Bankruptcy Court or any other judicial or arbitral forum.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of February 19, 2003, at the World Headquarters of United Air Lines, Inc., 1200 East Algonquin Road, Elk Grove Twp., Illinois 60007.

UAL CORPORATION AND UNITED AIR LINES, INC.	EXECUTIVE
By: /s/Glenn F. Tilton	/s/Andrew P. Studdert
Name: Glenn F. Tilton Title: Chairman, President and Chief Executive Officer	Andrew P. Studdert

Exhibit 12.1

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Year Ended December 31				
	2002	2001	2000	1999	1998
Earnings:			(In Millions)		
Earnings (loss) before income taxes, extraordinary item and cumulative effect	$ (3,205)	$(3,357)	$ 431	$ 1,942	$ 1,256
Undistributed (earnings) losses of affiliates	8	30	13	(20)	(62)
Fixed charges, from below	775	864	1,046	993	986
Interest capitalized	(25)	(79)	(77)	(75)	(105)
Earnings	$ (2,447)	$(2,542)	$ 1,413	$ 2,840	$ 2,075
Fixed charges:					
Interest expense	$ 590	$ 525	$ 402	$ 362	$ 355
Portion of rental expense representative of the interest factor	185	339	644	631	631
Fixed charges	$ 775	$ 864	$1,046	$ 993	$ 986
Ratio of earnings to fixed charges	(a)	(a)	1.35	2.86	2.10

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(a) Earnings were inadequate to cover fixed charges by $3.2 billion in 2002 and $3.4 billion in 2001.

Exhibit 12.2

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

and Preferred Stock Dividend Requirements

	2002	2001	2000	1999	1998
Earnings:					
Earnings (loss) before income taxes, extraordinary item and cumulative effect	$ (3,205)	$(3,357)	$ 431	$ 1,942	$ 1,256
Undistributed (earnings) losses of affiliates	8	30	13	(20)	(62)
Fixed charges and preferred stock dividend requirements, from below	785	879	1,119	1,195	1,150
Interest capitalized	(25)	(79)	(77)	(75)	(105)
Earnings	$ (2,437)	$(2,527)	$ 1,486	$ 3,042	$ 2,239
Fixed charges:					
Interest expense	$ 590	$ 525	$ 402	$ 362	$ 355
Preferred stock dividend requirements	10	15	73	202	164
Portion of rental expense representative of the interest factor	185	339	644	631	631
Fixed charges	$ 785	$ 879	$ 1,119	$ 1,195	$ 1,150
Ratio of earnings to fixed charges	(a)	(a)	1.33	2.55	1.95

(a) Earnings were inadequate to cover fixed charges by $3.2 billion in 2002 and $3.4 billion in 2001.

UAL CORPORATION ENTITIES

UAL Corporation - - Holding Company
1200 East Algonquin Road
Elk Grove Township, IL 60007

	Jurisdiction of Incorporation	Federal/Country Taxpayer I.D.
UAL Corporation (Wholly-owned subsidiaries):	Delaware	36-2675207
Air Wis Services, Inc.	Wisconsin	39-1435586
Four Star Insurance Company, Ltd.	Bermuda	None
Four Star Leasing, Inc.	Delaware	36-4292248
UAL Benefits Management, Inc.	Delaware	36-4011347
United Air Lines, Inc.	Delaware	36-2675206
United Biz Jet Holdings, Inc.	Delaware	36-4448019
UAL Company Services, Inc.	Delaware	36-4402945
UAL Loyalty Services, Inc.	Delaware	36-4401481

United Air Lines, Inc.
1200 East Algonquin Road
Elk Grove Township, IL 60007

United Air Lines, Inc. (Wholly-owned subsidiaries):		
Covia LLC	Delaware	36-2675206
Kion de Mexico, S.A. de C.V.	Mexico	UAI-770831-AYI
Kion Leasing, Inc.	Delaware	36-2946443
Mileage Plus, Inc.	Delaware	36-3189467
Premier Meeting and Travel Services, Inc.	Delaware	36-4207846
United Air Lines Ventures, Inc.	Delaware	36-4517729
United Aviation Fuels Corporation	Delaware	36-3235783
United Cogen, Inc.	Delaware	36-3333841
United GHS Inc.	Delaware	36-3555070
United Vacations, Inc.	Delaware	36-3324931
United Worldwide Corporation	Guam	66-0454431

Air Wis Services, Inc. (Wholly-owned subsidiaries):		
Air Wisconsin, Inc.	Wisconsin	39-1042730

Air Wis Services, Inc. (999 shares) and United Air Lines, Inc. (1 share) (Subsidiary):		
Domicile Management Services, Inc.	Delaware	36-4097942

United BizJet Holdings, Inc. (Wholly-owned subsidiaries)		
BizJet Charter, Inc.	Delaware	36-4450498
BizJet Fractional, Inc.	Delaware	36-4450494
BizJet Services, Inc.	Delaware	36-4450499

UAL Loyalty Services, Inc. **(Wholly-owned subsidiary)**		
Confetti, Inc.	Delaware	32-0018492
Mileage Plus Holdings, Inc.	Delaware	36-4156229
MyPoints.com, Inc.	Delaware	94-3255692
ULS Ventures, Inc.	Delaware	32-0052141
Mileage Plus Holdings, Inc. **(Wholly-owned subsidiaries):**		
Mileage Plus Marketing, Inc.	Delaware	36-4120103
My Points.com, Inc. **(Wholly-owned subsidiaries):**		
Cybergold, Inc.	Delaware	94-3212392
Itarget.com, Inc.	California	33-0809436
MyPoints Offline Services, Inc.	Massachusetts	04-3256568

Covia LLC currently owns a 55.9949803% equity interest in the Galileo Japan Partnership, a Delaware general partnership.

Independent Auditors' Consent

We consent to the incorporation by reference in Post-Effective Amendment No. 1 to Form S-8 (File No. 2-67368), Post-Effective Amendment No. 2 to Form S-8 (File No. 33-37613), Post-Effective Amendment No. 1 to Form S-8 (File No. 33-38613), Form S-8 (File No. 333-63185), Post-Effective Amendment No. 1 to Form S-8 (File No. 33-44552), Form S-8 (File No. 33-57331), Form S-8 (File No. 333-03041), Form S-8 (File No. 333-63181), Post-Effective Amendment No. 1 to Form S-8 (File No. 33-44553), Form S-8 (File No. 33-62749), Form S-8 (File No. 333-52249), Form S-8 (File No. 333-63179), Post-Effective Amendment No. 1 to Form S-8 (File No. 33-59950), Form S-8 (File No. 333-03039), Form S-8 (File No. 333-47444), Form S-8 and Post-Effective Amendment No. 1 to Form S-8 (File No. 33-60675), Form S-8 and Post-Effective Amendment No. 1 to Form S-8 (File No. 333-52276), Form S-8 (File No. 333-98413), Form S-8 (File No. 333-100158), Form S-8 (File No. 333-74206) and Form S-8 (File No. 333-74208) of our report dated March 20, 2003, relating to the consolidated financial statements of UAL Corporation as of and for the year ended December 31, 2002 (which report expresses an unqualified opinion and includes explanatory paragraphs relating to (i) the Company's filing for reorganization under Chapter 11, (ii) the Company's ability to continue as a going concern and (iii) the application of procedures relating to certain disclosures of financial statement amounts related to the 2001 and 2000 financial statements that were audited by other auditors who have ceased operations and for which we have expressed no opinion or other form of assurance other than with respect to such disclosures) appearing in this Annual Report on Form 10-K of UAL Corporation for the year ended December 31, 2002.

Deloitte & Touche LLP
Chicago, Illinois
March 28, 2003