

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the Fiscal Year Ended December 31, 1995 or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission File No. 1-6033

UAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-2675207
(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) 952-4000

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
Preferred Stock Purchase Rights	New York, Chicago and Pacific Stock Exchanges
Depository Shares each representing 1/1,000 of a share of Series B Preferred Stock, without par value	New York Stock Exchange
6-3/8% Convertible Subordinated Debentures due 2025	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 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.

The number of shares of common stock outstanding as of March 1, 1996 was 12,625,189. The aggregate market value of voting stock held by non-affiliates of the Registrant was \$2,295,115,654 as of March 1, 1996.

Documents Incorporated by Reference

Part II of this Form 10-K incorporates by reference certain information from the Registrant's Annual Report to Stockholders for the year ended December 31, 1995. Part III of this Form 10-K incorporates by reference certain information from the Registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on April 24, 1996.

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 are 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) 952-4000.

The Company is a holding company and its principal subsidiary is United Air Lines, Inc., a Delaware corporation ("United"), which is wholly-owned. United accounted for virtually all of the Company's revenues and expenses in 1995. United is a major commercial air transportation company.

UAL is the world's largest majority employee-owned company. A recapitalization that occurred in July 1994 (the "Recapitalization") provided an approximately 55% equity and voting interest in UAL common stock to United employees who are members of the Air Line Pilots Association, International, the International Association of Machinists and Aerospace Workers and U.S. non-union management and salaried employees through an employee stock ownership plan ("ESOP"). In addition, separate from this U.S.-based ESOP, the Company has also established employee stock programs covering most of United's employees in Argentina, Australia, Canada, France, Germany, Hong Kong, Japan, Mexico, Netherlands, New Zealand, Philippines, Singapore, Switzerland, Taiwan and the United Kingdom. As of March 1, 1996, approximately 14,500 shares of UAL common stock have been allocated to such plans. Subject to the requirements of local law, the Company intends to implement similar programs for employees located in the remaining foreign countries.

Airline Operations

United has been engaged in the air transportation of persons, property and mail since 1934, and certain of its predecessors began operations as early as 1926. United is the world's largest airline as measured by revenue passenger miles flown. At the end of 1995, United served 144 airports in the United States and 30 foreign countries and three territories. During 1995, United averaged 2,172 departures daily, flew a total of 112 billion revenue passenger miles, and carried an average of 215,521 passengers per day.

United provides its domestic and international service principally through a system of hub airports at major cities. Each hub provides United flights to a network of spoke destinations as well as flights to the other United hubs. This arrangement permits travelers to fly from point of origin to more destinations without changing carriers. United has a global network of hubs primarily designed to fly travelers between North America and the Pacific, Latin America and Europe. North American hubs include Chicago, Denver, Washington, D.C., San Francisco and Los Angeles. United also operates a major hub operation at Tokyo, allowing United to participate in intra-Pacific traffic. Latin America services are operated from Miami, New York City and Los Angeles gateways, of which the Miami and New York City gateways account for over 75% of the traffic to South America. European service was initiated in 1991 and is provided to London, Paris, Amsterdam, Milan, Brussels, Zurich and Frankfurt from several of United's U.S. hubs.

In December 1995, United became a truly global carrier with the start up of around the world service, operating New York - London - New Delhi - Hong Kong - Los Angeles - New York, in both directions.

During the last several years, United has strengthened the revenue generating capability of its hub airports by: (1) adding new spokes (routes to new cities); (2) adding frequencies on previously operated route segments; and (3) entering into marketing agreements with smaller U.S. air carriers which serve less populated destinations, and with foreign carriers which serve destinations that United could not serve itself for economic or regulatory reasons.

Under the United Express program, six independent regional carriers, utilizing mainly turboprop equipment, feed United hubs and international gateways. Currently, the carriers in the United Express program provide seamless service on United to 195 cities where true on-line United service is not commercially viable. Also, North American traffic is served by code-sharing agreements United has with five independent air carriers.

Since October 1994, United has operated a new service, "Shuttle by United", designed to compete with low cost carriers on routes under 750 miles. As of February 1996, Shuttle by United was operating daily 366 flights on 14 routes between 12 West Coast cities. Shuttle by United is strategically important to United in domestic, transcontinental, Latin American and Pacific markets by providing critical feed traffic and market presence on the West Coast.

Alliances with other international carriers have allowed United to participate in markets that it is unable to serve on-line for commercial or governmental reasons. Through joint frequent flyer participation, code sharing of operations, and enhanced customer service coordination, the alliance carriers' goal is to provide each of their customers a seamless global travel network. United's principal global alliance partner is Germany's flag carrier, Lufthansa. Through Lufthansa, United has dramatically increased its trans-Atlantic operations to Europe and beyond, including Eastern Europe and the former Soviet Union. With the U.S. and Germany having initialed a new "open skies" civil aviation agreement to liberalize air travel between the two countries, United and Lufthansa filed an application with the U.S. Department of Transportation on February 29, 1996 seeking antitrust immunity to expand and enhance their existing alliance.

Other major alliance partners include Ansett, Air Canada, British Midland and Aloha. After the U.S. and Thailand entered into

a new bilateral agreement, United and Thai Airways International began planning for the implementation of the code-sharing provisions of their comprehensive marketing arrangement, which will be subject to U.S. Department of Transportation approval. Also, United has entered into a similar comprehensive marketing arrangement with SAS which will be implemented in 1996.

Pacific. Asian traffic is currently served from six U.S. cities via United's Tokyo hub to Beijing, Shanghai, Seoul, Hong Kong, Bangkok and Singapore. In addition, United provides nonstop flights from San Francisco to Hong Kong, Osaka, Seoul and Taipei; from Honolulu and Guam to Osaka; and from Los Angeles to Hong Kong and Osaka. South Pacific traffic to Sydney is served from Los Angeles and San Francisco, while traffic to Auckland and Melbourne is served from Los Angeles. In addition, United expects to expand its international service at Los Angeles on May 1, 1996 with a second daily nonstop flight to Tokyo. United also has a comprehensive code-sharing agreement with Ansett which operates in both Australia and New Zealand.

United holds significant traffic rights "beyond" Japan and as capacity at Japan's two major airports, Narita and Kansai, increases, United hopes to add service from Japan to Kuala Lumpur, Ho Chi Minh City, Jakarta and other Asian points. United has increased its focus on the fast growing South China area with new service from Hong Kong to New Delhi and increased service to San Francisco. Based on reports filed with the Department of Transportation, in 1995, United was the leading U.S. carrier in the Pacific in revenue passenger miles and available seat miles. During 1995, United's Pacific Division accounted for 22% of United's revenues.

Latin America. Service between the U.S. and Latin America is provided by flights to twelve Latin American cities in ten countries from a number of cities in the U.S. Eight Latin American cities are served nonstop from Miami (with the introduction of service to Lima, Peru and Belo Horizonte, Brazil in 1995 and the termination of service to Central America, other than Mexico City), three nonstop from Los Angeles, and three from New York-Kennedy. United also has code-sharing agreements with one independent air carrier in this region.

Europe. Service between the U.S. and Europe is provided by: flights from six U.S. cities to London (including Chicago which was started on September 7, 1995) with connecting service at London to Amsterdam, New Delhi and Brussels; flights from three U.S. cities to Paris; nonstop service from Washington Dulles to Amsterdam, Brussels, Frankfurt, Milan and Zurich (service to Rome and Madrid was discontinued in September 1995 and January 1996, respectively); and nonstop service from Chicago to Frankfurt. In addition, United expects to commence daily nonstop service on June 6, 1996 to Dusseldorf, Germany from Chicago. This will serve to further strengthen United's route system and alliance with Lufthansa, which will code share on the Chicago - Dusseldorf flight. European and Middle Eastern traffic is also served by United's code-sharing agreements with three independent air carriers, including Lufthansa, which will increase to four with the implementation of United's comprehensive marketing arrangement with SAS.

Operating revenues attributed to United's foreign operations were approximately \$5.3 billion in 1995, \$4.9 billion in 1994 and \$4.5 billion in 1993.

Selected Operating Statistics

The following table sets forth certain selected operating data for United:

	Year Ended December 31				
	1995	1994	1993	1992	1991
	----	----	----	----	----
Revenue Aircraft Miles (millions) (a)	817	776	756	695	635
Revenue Aircraft Departures	780,864	731,284	746,665	721,504	691,402
Available Seat Miles (millions) (b)	158,569	152,193	150,728	137,491	124,100
Revenue Passenger Miles (millions) (c)	111,811	108,299	101,258	92,690	82,290
Revenue Passengers (thousands)	78,808	74,241	69,814	66,692	62,003
Average Passenger Journey (miles)	1,419	1,459	1,450	1,390	1,327
Average Flight Length (miles)	1,046	1,062	1,013	964	918
Passenger Load Factor (d)	70.5%	71.2%	67.2%	67.4%	66.3%
Break-even Load Factor (e)	66.1%	68.2%	65.5%	70.6%	69.7%
Average Yield Per Revenue Passenger Mile (in cents) (f)	11.8	11.3	11.6	11.3	11.5
Cost Per Available Seat					

Mile Excluding ESOP Charges (in cents) (g)	8.55	8.64	--	--	--
Cost Per Available Seat Mile (in cents) (h)	8.9	8.8	8.5	8.9	9.0
Average Fare Per Revenue Passenger	\$167.84	\$165.61	\$169.00	\$157.17	\$153.17
Average Daily Utilization of each Aircraft (hours:minutes) (i)	8:42	8:28	8:30	8:19	8:13

(a) "Revenue aircraft miles" means the number of miles flown in revenue producing service.

(b) "Available seat miles" represents the number of seats available for passengers multiplied by the number of miles those seats are flown.

(c) "Revenue passenger miles" represents the number of miles flown by revenue passengers.

(d) "Passenger load factor" represents revenue passenger miles divided by available seat miles.

(e) "Break-even load factor" represents the number of revenue passenger miles at which operating earnings would have been zero (based on the actual average yield) divided by available seat miles.

(f) "Average yield per revenue passenger mile" represents the average revenue received for each mile a revenue passenger is carried.

(g) "Cost per available seat mile excluding ESOP charges" represents operating expenses less ESOP compensation expense and one-time expenses relating to the recapitalization (1994 only) divided by available seat miles.

(h) "Cost per available seat mile" represents operating expenses divided by available seat miles.

(i) "Average daily utilization of each aircraft" means the average air hours flown in service per day per aircraft for the total fleet of aircraft.

Industry Conditions

Seasonal and Other Factors. The Company's results of operations for interim periods are not necessarily indicative of those for an entire year, because the air travel business is subject to seasonal fluctuations. United's first and fourth quarter results normally are affected by reduced travel demand in the fall and winter, and United's operations are often affected adversely by winter weather. In the past, these fluctuations have generally resulted in better operating results for United and, thus, the Company, in the second and third quarters.

The results of operations in the air travel business have also fluctuated significantly in the past in response to general economic conditions. In addition, the airline business is characterized by a high degree of operating leverage. As a result, the economic environment and small fluctuations in United's yield per revenue passenger mile and cost per available seat mile can have a significant impact on operating results. The Company anticipates that seasonal factors and general economic conditions, in addition to industrywide fare levels, labor and fuel costs, the competition from other airlines, international government policies, and other factors, will continue to impact United's operations.

Competition and Fares. The airline industry is highly competitive. In domestic markets, new and existing carriers are free to initiate service on any route. United faces competition from other carriers on virtually every route it serves. In United's domestic markets, these competitors include all of the other major U.S. airlines as well as smaller carriers, some of which have lower cost structures than United. United's response to these lower cost structures has been the consummation of the Recapitalization which allowed United to lower its labor costs and to introduce Shuttle by United, a short-haul, high frequency operation.

United's marketing strategy is driven by four principal competitive factors: schedule convenience, overall customer service, frequent flyer programs and price. United seeks to attract travelers through convenient scheduling, high quality service, frequent flyer programs designed to reward customer loyalty and competitive pricing.

From time to time, excess aircraft capacity and other factors such as the cash needs of financially distressed carriers induce airlines to engage in "fare wars." Such factors can have a material adverse impact on the Company's revenues. The Company maintains yield and inventory management programs designed to manage the number of seats offered in various fare categories in order to enhance the effectiveness of fare promotions and maximize revenue production on each flight.

In its international service, United competes not only with U.S. carriers but also with national flag carriers of foreign countries, which in certain instances enjoy forms of governmental support which are not available to U.S. carriers. Competition on certain international routes is subject to varying degrees of governmental regulations (see "Government Regulation").

United has advantages over foreign air carriers in its ability to generate U.S.-origin-destination traffic from its integrated domestic route systems, and because foreign carriers are prohibited by law from carrying local passengers between two points in the United States. On the other hand, U.S. carriers in many cases are 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 which allow the carriers to provide feed to each other's flights. (See "Airline Operations").

Airport Access. United's operations at its principal domestic hub, Chicago-O'Hare International Airport ("O'Hare"), as well as at three other airports, JFK International ("Kennedy"), New York LaGuardia ("LaGuardia"), and Washington National ("National"), are limited by the "high density traffic rule" administered by the Federal Aviation Administration ("FAA"). Under this rule, take-off and landing rights ("slots") required for the conduct of domestic flight operations may be bought, sold or traded. As of December 31, 1995, United held 756 domestic air carrier slots at O'Hare, 34 at National, 63 at LaGuardia, and 11 at Kennedy. United also holds ten commuter slots at O'Hare. In addition, Air Wisconsin, Inc., an indirect wholly-owned subsidiary of UAL, held or owned the beneficial interest in 38 air carrier slots and 118 commuter slots at O'Hare which are either operated by United or leased to United Express carriers serving O'Hare. Under the high density rule, carriers are required to relinquish slots to the FAA for reallocation if they fail to meet certain minimum use standards.

Slots for international services at O'Hare are allocated by the FAA seasonally to both U.S. and foreign carriers based upon the carriers' historic operations and requests for additional capacity. The FAA holds a certain number of slots in reserve for this purpose. Current FAA regulations provide that carriers holding 100 or more domestic slots at O'Hare may receive slots from the FAA for international services only if the total number of slots allocated to that carrier does not exceed the total number allocated to that carrier as of February 23, 1990. Under this rule, United is eligible to receive 17 international slots from the FAA each season.

Prior to October 1993, the FAA was authorized to withdraw domestic slots from carriers at O'Hare to provide slots to satisfy international requests. Congress has since capped the number of slots the FAA could withdraw for this purpose at the number of slots that had been withdrawn from a carrier as of October 31, 1993. As of that date, the FAA had withdrawn from United 33 daily slots, defined as slots which United operated three days or more per week. United continues to be subject, each season, to the withdrawal of as many as 33 daily slots.

United currently has a sufficient number and distribution of slots it holds at airports subject to the high density rule to support its current operations, although its ability to expand could be constrained if sufficient additional slots were not available on satisfactory terms. If an alternative to the current system were to be proposed and adopted, no assurance can be given that such an alternative would preserve United's investment in slots already acquired or that slots adequate for future operations would be available.

United currently has a sufficient number of leased gates and other airport facilities at the cities it serves to meet its current and near term needs. From time to time, expansion by United at certain airports may be constrained by insufficient availability of gates on attractive terms. United's ability to expand its international operations in Asia, the South Pacific, Europe and Latin America is subject to restrictions at many of the airports in these regions, including noise curfews, slot controls and absence of adequate airport facilities.

Mileage Plus Program. United established the Mileage Plus frequent flyer program to retain and develop passenger loyalty by offering awards to frequent travelers for their business. Mileage Plus members earn mileage credit for flights on United, United Express and certain other participating airlines, or by utilizing services of other program participants, including hotels, car rental companies and bank credit card issuers. United sells mileage credits to the other companies participating in the program. Mileage credits can be redeemed for free, discounted or upgraded travel on United and other participating airlines, or for other travel industry awards.

When an award level is attained, a liability is recorded for the incremental costs of accrued credits under the Mileage Plus program based on the expected redemptions. United's incremental costs include the costs of providing service for an otherwise vacant seat including fuel, meals, certain incremental personnel and ticketing costs. The incremental costs do not include any contribution to overhead or profit.

Effective February 1, 1995, United increased the mileage levels

for Mileage Plus domestic award travel on a prospective basis requiring 25,000 miles, instead of the previous 20,000 miles, for award tickets issued for economy class travel within the continental United States. In addition, United made certain other mileage award level changes as well as a change to a bank-account type of system to track mileage. The program also contains certain restrictive provisions including blackout dates and capacity controlled bookings, which substantially limit the use of the awards on certain flights. Awards earned after July 1989 have an expiration date three years from date earned.

At December 31, 1995 and 1994, it was estimated that the total number of outstanding awards was approximately 6.0 million and 7.8 million, respectively. United estimated that 4.6 million and 5.8 million, respectively, of such awards could be expected to be redeemed and, accordingly, had recorded a liability amounting to \$195 million and \$195 million, respectively, at December 31, 1995 and 1994. The difference between the awards expected to be redeemed and the total awards outstanding is the estimate, based on historical data, of awards (1) which will never be redeemed, (2) which will be redeemed for other than free trips, or (3) which will be redeemed on Partner carriers.

The number of awards used on United were 1.8 million, 1.9 million and 1.6 million for the years 1995, 1994 and 1993, respectively. Such awards represented 8.2%, 9.1% and 7.5% of United's total revenue passenger miles for each period, respectively. With these percentages, seat availability and restrictions on the use of free travel awards, the displacement, if any, of revenue passengers by users of Mileage Plus awards is minimal.

Computer Reservations Systems. Travel agents account for a substantial percentage of United's sales. The use of electronic distribution systems has been a key factor in the marketing and distribution of airlines' products.

United, through a wholly-owned subsidiary, owns 38% of Galileo International Partnership ("Galileo"), formerly known as Covia, and 77% of Apollo Travel Services Partnership ("ATS"). These two general partnerships own and market computer reservation system ("CRS") products and services. Galileo owns the Apollo and Galileo CRSs and markets CRS services worldwide through a system of national distribution companies. ATS, directly or through its wholly-owned subsidiaries, is responsible for marketing, sales and support of Apollo CRS products and services in the United States, Mexico and the Caribbean.

Competition among CRS vendors is intense, and services similar to those offered by ATS and Galileo are marketed by several air carriers and other concerns, both in the United States and worldwide. In the European and Pacific CRS market, various consortia of foreign carriers have formed CRSs to be marketed in countries in which the owning carriers have a substantial presence.

On February 15, 1995, United introduced a new travel agency commission payment plan that offers a maximum of \$50 for any round-trip domestic ticket and a maximum of \$25 for any one-way domestic ticket.

Lawsuits have been filed challenging the reductions by United and other carriers in the commissions paid to travel agencies for ticketing of air transportation alleging, among other things, a conspiracy to restrain trade among the carriers in violation of antitrust laws. (See Item 3. Legal Proceedings. Travel Agency Commission Litigation.) United believes it has the right to make the aforementioned changes to such commissions, and will defend itself vigorously in the pending litigation.

On August 28, 1995, United introduced its electronic ticketing service, E-Ticket [service mark], on all of its 2,000 daily domestic flights. United first introduced this electronic ticketing option in November 1994 on Shuttle by United flights. In addition, United introduced in November 1995 a disk-based version of United Connection [service mark], which gives consumers the option to reserve and purchase airline tickets, rental cars and hotel rooms via personal computer.

Government Regulation

General. All carriers engaged in air transportation in the United States are subject to regulation by the Department of Transportation ("DOT") and the Federal Aviation Administration ("FAA") under federal aviation laws. The DOT has authority to regulate certain economic and consumer protection aspects of air transportation. It is empowered to issue certificates of public convenience and necessity for domestic air transportation upon a carrier's showing of fitness; to authorize the provision of foreign air transportation by U.S. carriers; to prohibit unjust discrimination; to prescribe forms of accounts and require reports from air carriers; to regulate methods of competition, including the provision and use of computerized reservation systems; and to administer regulations providing for consumer protection, including regulations governing the accessibility of air transportation

facilities for handicapped individuals. United's operations require certificates of public convenience and necessity issued by the DOT (or specific exemptions therefrom), and an air carrier operating certificate and related operations specifications issued by the FAA.

United's operations also require licenses issued by the aviation authorities of the foreign countries United serves. Foreign aviation authorities may from time to time impose a greater degree of economic regulation than exists with respect to United's domestic operations.

In connection with its international services, United is required to file with the DOT and observe tariffs establishing the fares charged and the rules governing the transportation provided. In certain cases, fares and schedules require the approval of the DOT and the relevant foreign governments.

In addition, United's operating authorities in international markets are governed by the aviation agreements between the United States and foreign countries. United's ability to serve some foreign markets and its expansion in many foreign markets is presently restricted by lack of aviation agreements allowing such service or, in some cases, by the restrictive terms of such agreements. In addition, the Government of Japan has, for over a year, deferred its approval of an Osaka-Seoul flight scheduled by United. Japan maintains that it will not approve new services beyond Japan by U.S. carriers until the U.S. and Japan renegotiate the U.S.-Japan Air Services Agreement. United has urged the U.S. Government to compel Japan to honor the bilateral rights of U.S. carriers. United continually urges the U.S. Government to negotiate increased access to such restricted markets.

Shifts in United States or foreign government aviation policies can lead to the alteration or termination of existing air service agreements that the U.S. has with other governments, which could diminish the value of United's international route authority. While such events are generally the subject of inter-governmental negotiations, there are no assurances that United's operating rights under the bilateral aviation agreements and DOT-issued certificates of public convenience and necessity can be preserved in such cases.

Safety. The FAA has regulatory jurisdiction over flight operations generally, including equipment, ground facilities, maintenance, communications and other matters. In order to ensure compliance with its operational and safety standards, the FAA requires air carriers to obtain operating, airworthiness and other certificates.

United's aircraft and engines are maintained in accordance with the standards and procedures recommended and approved by the manufacturers and the FAA. For all of its engines, United utilizes a "condition monitoring" maintenance program so that the schedule for engine removals and overhauls is based on performance trend monitoring of engine operating data. In addition, all engines contain time-limited components, each of which has a maximum amount of time (measured by operating hours) or a maximum number of operating cycles (measured by takeoffs and landings) after which the component must be removed from the engine assembly and overhauled or scrapped. Similarly, United's FAA-approved maintenance program specifies the number of days, hours or operating cycles between inspections and overhauls of the airframes and their component parts. The nature and extent of each inspection and overhaul is specifically prescribed by the approved maintenance program.

From time to time, the FAA issues airworthiness directives ("ADs") which require air carriers to undertake inspections and to make unscheduled modifications and improvements on aircraft, engines and related components and parts. The ADs sometimes cause United to incur substantial, unplanned expense and occasionally aircraft or engines must be removed from service prematurely in order to undergo mandated inspections or modifications on an accelerated basis. The issuance of any particular AD may have a greater or lesser impact on United compared to its competitors depending upon the equipment covered by the directive.

Since 1988 the airlines, in cooperation with the FAA, have been engaged in an in-depth review of the adequacy of existing maintenance procedures applicable to older versions of most of the aircraft types in general use in the airline industry. These include certain of the Boeing and Douglas aircraft used by United. As a part of this program, the FAA has issued ADs requiring interim inspections and remedial maintenance procedures. While certain of these aging aircraft ADs have necessitated unscheduled removals from service and increased maintenance costs, compliance is not expected to have a material adverse impact on United's costs or operations.

Both the DOT and the FAA have authority to institute administrative and judicial proceedings to enforce federal aviation laws and their own regulations, rules and orders. Both civil and criminal sanctions may be assessed for violations.

Environmental Regulations. The Airport Noise and Capacity Act of 1990 ("ANCA") requires the phase-out by December 31, 1999 of Stage

2 aircraft operations, subject to certain waivers. The FAA has issued final regulations which require carriers to modify or reduce the number of Stage 2 aircraft operated by 25% by December 31, 1994, 50% by December 31, 1996, 75% by December 31, 1998 and 100% by December 31, 1999. Alternatively, a carrier could satisfy compliance requirements by operating a fleet that is at least 55% Stage 3 by December 31, 1994, 65% Stage 3 by December 31, 1996, 75% Stage 3 by December 31, 1998 and 100% Stage 3 by December 31, 1999. At December 31, 1995, United operated 390 Stage 3 aircraft representing 70% of United's total operating fleet, and thus is in compliance with these regulations.

The ANCA generally recognizes the rights of operators of airports with noise problems to implement local noise abatement procedures so long as such procedures do not interfere unreasonably with interstate or foreign commerce or the national air transportation system. ANCA generally requires FAA approval of local noise restrictions on Stage 3 aircraft first effective after October 1990, and establishes a regulatory notice and review process for local restrictions on Stage 2 aircraft first proposed after October 1990. While United has had sufficient scheduling flexibility to accommodate local noise restrictions imposed to the present, United's operations could be adversely affected if locally-imposed regulations become more restrictive or widespread.

The Environmental Protection Agency regulates operations, including air carrier operations, which affect the quality of air in the United States. United has made all necessary modifications to its operating fleet to meet emission standards issued by the Environmental Protection Agency ("EPA").

Federal and state environmental laws require that underground storage tanks (USTs) be upgraded to new construction standards and equipped with leak detection by December 22, 1998. These requirements are phased into effect based on the age, construction and use of existing tanks. United operates a number of underground and above ground storage tanks throughout its system, primarily used for the storage of fuels and deicing fluids. A program for the removal or upgrading of USTs and remediation of any related contamination has been ongoing since 1987. Compliance with these federal and state UST regulations is not expected to have a material adverse effect on United's financial condition.

United has been identified by the EPA as a potentially responsible party with respect to Superfund sites involving soil and groundwater contamination at the Bay Area Drum Site in San Francisco, California, the Chemsol, Inc. Site in Piscataway, New Jersey, the Petrochem/Ekoteck Site in Salt Lake City, Utah, the Monterey Park Site at Monterey Park, California, the West Contra Costa Sanitary Landfill Site in Richmond, California, and the Douglasville Site in Berks County, Pennsylvania. Because of the limited nature of the volume of pollutants allegedly contributed by United to the above Superfund sites, the outcome of these matters is not expected to have a material adverse effect on United's financial condition.

United is aware of soil and groundwater contamination present on its leaseholds at several U.S. airports, with the most significant locations being San Francisco International Airport, John F. Kennedy International Airport in New York, Seattle Tacoma International Airport, Stapleton International Airport in Denver (which closed in 1995) and Los Angeles International Airport in California. United is investigating these sites, assessing its obligations under applicable environmental regulations and lease agreements and, where appropriate, remediating these sites. Remediation of these sites, for which United may be responsible, is not expected to have a material adverse effect on United's financial condition.

Other Government Matters. Besides the DOT and the FAA, other federal agencies with jurisdiction over certain aspects of United's operations are the Department of Justice (Antitrust Division and Immigration and Naturalization Service), the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Department of Labor (Office of Federal Contract Compliance Programs of the Employment Standards Administration), the National Labor Relations Board, the National Mediation Board, the National Transportation Safety Board, the Treasury Department (U.S. Customs Service), the Federal Communications Commission (use of radio facilities by aircraft), and the United States Postal Service (carriage of domestic and international mail). In connection with its service to cities in other countries, United is subject to varying degrees of regulation by foreign governments.

In time of war or during an unlimited national emergency or civil defense emergency declared by the President or the Congress of the United States, or in a situation short of this if approved by the Director of the Office of Emergency Preparedness, the Commander in Chief, Military Airlift Command, or any official designated by the President to coordinate all civil and defense mobilization activities, United may be required to provide airlift services to the Military Airlift Command under the Civil Reserve Air Fleet Program. As of February 1, 1996, up to 27 B747 and 12 DC-10 aircraft in United's fleet could be subject to these requirements.

Fuel

United's results of operations are significantly affected by the price and availability of jet fuel. Based on 1995 fuel consumption, every \$.01 change in the average annual price-per-gallon of jet fuel caused a change of approximately \$28 million in United's annual fuel costs. The table below shows United's fuel expenses, fuel consumption, average price per gallon and fuel as a percent of total operating expenses for annual periods from 1991 through 1995:

	1995	1994	1993	1992	1991
	----	----	----	----	----
Fuel expense, including tax (in millions)	\$1,680	\$1,585	\$1,718	\$1,679	\$1,674
Gallons consumed (in millions)	2,822	2,697	2,699	2,529	2,338
Average cost per gallon (in cents)	59.5	58.8	63.6	66.4	71.6
% of total operating expenses	12%	12%	13%	14%	15%

United's average fuel cost per gallon in 1995 was 1.2% higher than in 1994. Changes in fuel prices are industry-wide occurrences that benefit or harm United's competitors as well as United. Lower fuel prices may be offset by increased price competition and lower revenues for all air carriers, including United. There can be no assurance that United will be able to increase its fares in response to any increases in fuel prices in the future.

In order to assure adequate supplies of fuel and to provide a measure of control over fuel costs, United ships fuel on major pipelines, maintains fuel storage facilities, and trades fuel to locations where it is needed. In 1995, almost all of United's fuel was purchased under contracts with major U.S. and international oil companies. Most of these contracts are terminable by United on short notice. United also purchases minor volumes of fuel on the spot market at some domestic locations. Although United has not experienced any problem with fuel availability in the past few years and does not anticipate any in the near future, it is impossible to predict the future availability of jet fuel. If there were major reductions in the availability of jet fuel, United's business would be adversely affected.

The Omnibus Budget Reconciliation Act of 1993 imposed a 4.3 cent per gallon tax on commercial aviation jet fuel purchased for use in domestic operations. The industry was successful in obtaining a two year exemption from the tax which expired October 1, 1995. An additional two year extension of the industry's exemption is included in the budget reconciliation package currently stalled in Congress. Since the fate of the jet fuel tax is caught in the budget impasse, United as well as other carriers have been paying the tax since October 1, 1995 and United cannot predict the ultimate outcome of the fuel tax issue.

Insurance

United carries liability insurance of a type customary in the air transportation industry, in amounts which it deems adequate, covering passenger liability, public liability and property damage liability. Insurance is subject to price fluctuations from time to time. The amount recoverable by United under aircraft hull insurance covering all damage to its aircraft is not subject to any deductible amount in the event of a total loss.

Employees - Labor Matters

At December 31, 1995, the Company and its subsidiaries had approximately 83,929 employees, of which approximately 82,160 were employed by United (approximately eleven percent of whom are part-time employees) and 1,769 were employed by United's subsidiaries. Approximately 61% of United's employees were represented by various labor organizations.

The employee groups, number of employees, labor organization and current contract status for each of United's major collective bargaining groups as of December 31, 1995 are as follows:

Employee Group	Number of Employees	Union	Contract Open For Amendment
-----	-----	-----	-----
Mechanics, ramp servicemen & other ground employees	23,031	IAM	July 12, 2000 *
Flight attendants	18,703	AFA	March 1, 1996
Pilots	8,120	ALPA	April 12, 2000 *

* However, certain provisions become amendable at a later date.

United's relations with these labor organizations are governed by the Railway Labor Act. Under this Act, collective bargaining agreements between United and these organizations become amendable upon the expiration of their stated term. If either party wishes to modify the terms of any such agreement, it must notify the other party before the contract becomes amendable. After receipt of such notice, the parties must meet for direct negotiations and, if no agreement is reached, either party may request that a mediator be appointed. If no agreement is reached, the National Mediation Board may determine, at any time, that an impasse exists and may proffer arbitration. Either party may decline to submit to arbitration. If arbitration is rejected, a 30-day "cooling off" period commences, following which the labor organization may strike and the airline may resort to "self-help," including the imposition of its proposed amendments and the hiring of replacement workers.

In February 1996, United and the Association of Flight Attendants (the "AFA") reached tentative agreement on a new contract. This agreement is subject to ratification by United's flight attendants. If ratified, the new agreement will replace the current contract. Ratification results are expected in April 1996.

ITEM 2. PROPERTIES.

Flight Equipment

As of December 31, 1995, United's operating aircraft fleet totaled 558 jet aircraft, of which 266 were owned and 292 were leased. These aircraft are listed below:

Aircraft Type	Average No. of Seats	Owned	Leased*	Total	Average Age (Years)
A320-200	144	--	29	29	1
B727-222A	147	59	16	75	17
B737-200	109	45	--	45	27
B737-200A	109	24	--	24	16
B737-300	126	10	91	101	7
B737-500	108	27	30	57	4
B747-100	393	17	--	17	24
B747-200	346	2	7	9	17
B747-400	389	3	21	24	4
B757-200	188	33	55	88	4
B767-200	168	19	--	19	13
B767-300ER	211	3	20	23	3
B777-200	292	--	8	8	0
DC10-10	287	23	8	31	20
DC10-30	298	1	7	8	16
TOTAL OPERATING FLEET		266 ===	292 ===	558 ===	11 ==

* United's aircraft leases have initial terms of 4 to 26 years, and expiration dates range from 1999 through 2021. Under the terms of leases for 283 of the aircraft in the operating fleet, 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.

As of December 31, 1995, 64 of the 266 aircraft owned by United were encumbered under transaction agreements.

In 1995 United took delivery of 16 new aircraft, eight B777-200s and eight A320-200s. United also retired one B747-100 aircraft.

As of December 31, 1995, United had 26 B777-200s, four B747-400s and four B757-200s on order which are scheduled to be delivered between 1996 and 1999, and United has arrangements with Airbus Industrie ("Airbus") and A320 engine manufacturer International Aero Engines to lease an additional 21 A320-200 aircraft, which are scheduled for delivery through 1998. The following table sets forth United's firm aircraft orders, options and expected delivery schedules as of December 31, 1995:

Order Status	Aircraft Type	Number	To Be Delivered	Delivery Rate
Firm Orders	B747-400	4	1996-1997	0-1 per month
	B757-200	4	1996	0-2 per month
	B777-200	26	1996-1999	0-2 per month
	--	--	--	--
Total-Firms		34*		
Options**	A320-200	45	1997-2001	0-3 per month
	B737***	137	1998-2002	0-5 per month

B747-400	40	1998-2003	0-2 per year
B757-200	29	1998-1999	0-2 per month
B767-300ER	5	1998-1999	0-1 per month
B777-200	34	1998-2000	0-1 per month
	--		

Total-Options 290

* In addition, United has agreed to lease an additional 21 A320-200 aircraft. Deliveries of these aircraft are expected to occur between 1996 and 1998.

** Rate of deliveries with respect to option aircraft assumes that all options are exercised and that all orders subject to recon firmation are confirmed by United.

*** Models 300, 400 and 500, at United's discretion.

Ground Facilities

In the vicinity of O'Hare, United owns a 106 acre complex consisting of over one million square feet of office space for its world headquarters, a computer facility and a training center. United operates reservation centers in or near eight U.S. cities - Chicago, Denver, Detroit, Honolulu, Los Angeles, San Francisco, Seattle and Washington, D.C. United also operates 138 city ticket offices in the U.S., plus offices in the Pacific and European countries served by United. In addition, United operates four mini-reservations centers in Rockford, Illinois, Moreno Valley and Suisun, California and at its maintenance facility in Indianapolis, Indiana.

United's Maintenance Operation Center ("MOC") at San Francisco International Airport occupies 129 acres of land, three million square feet of floor space and 12 aircraft hangar docks, under leases expiring in 2003, with an option to extend for ten years. Heavy maintenance of aircraft and component maintenance for most of United's fleet occurs at the MOC. United also has a major facility at the Oakland, California airport which is dedicated to airframe maintenance and which includes a hangar with sufficient space to accommodate maintenance work on four wide-bodied aircraft simultaneously. As of December 31, 1995, United employed approximately 10,000 mechanics, inspectors, engineers and maintenance support personnel at the MOC and approximately 1,400 at the Oakland facility. United also has line aircraft maintenance facilities at 64 domestic and international locations.

United's Indianapolis Maintenance Center ("IMC") opened in 1994 and operates under a lease with the Indianapolis Airport Authority which expires November 30, 2031. IMC is a major aircraft maintenance and overhaul facility and is being used for maintenance of Boeing 737 aircraft. United is significantly expanding its operations at IMC in order to maintain its fleets of Boeing 757 and 767 aircraft at the facility in the future, construction of which began in 1995. In connection with incentives received, United has agreed to reach an aggregate \$800 million capital spending target by the year 2001 and employ at least 7,500 individuals by the year 2004. In the event that such targets are not reached, United may be required to make certain additional payments under related agreements.

On February 28, 1995, United relocated its Denver hub operations to the new Denver International Airport. Under a new 30-year lease and use agreement, expiring in 2023, United occupies 44 gates and over one million square feet of exclusive terminal building space. With the opening of the new airport, Stapleton International Airport was closed to all aircraft operations. United's flight training center will continue to be located near Stapleton and is under lease, including options to extend, until 2018. This flight training center consists of four buildings with a total of 300,000 square feet located on 22 acres of land adjoining Stapleton. The flight training center accommodates 26 flight simulators and over 90 computer-based training stations, as well as cockpit procedures trainers, autoflight system trainers and emergency evacuation trainers.

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 Chicago O'Hare in 2018, San Francisco in 2011, Denver in 2023 and Washington Dulles in 2015. In many cases United has constructed, at its expense, the buildings it occupies on its leased properties. In general, buildings and fixtures constructed by United on leased land are the property of the lessor upon the expiration of such leases. United also has leased and improved ticketing, sales and general office space in the downtown and outlying areas of most of the larger cities in its system. United believes its facilities are suitable and adequate for its current requirements.

ITEM 3. LEGAL PROCEEDINGS.

The Company is involved from time to time in legal proceedings incidental to the ordinary course of its business. Such proceedings include claims brought by and against the Company or its subsidiaries

including claims seeking substantial compensatory and punitive damages. Such claims arise from routine commercial disputes as well as incidents resulting in bodily injury and damage to property. The Company believes that the potential liabilities in all of the bodily injury and property damage actions are adequately insured and none of the other actions are expected to have any material adverse effect on the Company or its subsidiaries.

1. Travel Agency Commission Litigation -- On February 13, 1995 and dates thereafter United and six other airlines were sued in various courts around the nation by travel agents and ASTA claiming as a class action that the carriers acted collusively in violation of federal antitrust laws when they announced a cap on ticket sales commissions payable to travel agencies by the carriers. The cases are now consolidated before the federal court in Minneapolis. The court, on August 23, 1995, denied the plaintiffs' motion for preliminary injunction as well as the defendants' motion for summary judgment. As relief, the plaintiffs seek an order declaring the carriers' commission cap action to be illegal and the recovery of damages (trebled) to the agencies resulting from that action. On December 21, 1995, the carriers filed a motion to obtain damages discovery from absent class members, which the magistrate judge denied on January 22, 1996. In his decision, the magistrate rejected defendants' arguments that plaintiffs' efforts to mitigate damages allegedly suffered as a result of the commission caps were relevant to the litigation. The defendants appealed the magistrate's decision to the district court.

2. Summers et al. v. State Street Bank and Trust Company et al. -- On April 14, 1995, plaintiffs filed a class action complaint (the "Complaint") against State Street Bank and Trust Company ("State Street"), the UAL Corporation Employee Stock Ownership Plan (the "Plan") and the UAL Corporation Supplemental ESOP (the "Supplemental Plan") in the United States District Court for the Northern District of Illinois. The Complaint is brought on behalf of a putative class of all persons who are, or were as of July 12, 1994, participants or beneficiaries of the Plan or the Supplemental Plan. Plaintiffs allege that State Street breached various fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with the 1994 purchase by the Plan and Supplemental Plan of UAL preferred stock. The Plan and Supplemental Plan are nominal defendants; no relief is sought from them. The complaint seeks a declaration that State Street has violated ERISA, restoration by State Street to the Plan and Supplemental Plan of the amount of an alleged "overpayment" for stock, and other relief. United is obligated, subject to certain exceptions, to indemnify State Street for part or all of an adverse judgment and State Street's defense costs. The defendants filed a motion to dismiss the complaint in its entirety on July 12, 1995.

3. Fry v. UAL Corp. -- On February 21, 1990, a purported class action complaint was filed in the U.S. District Court for the Northern District of Illinois, Eastern Division. This complaint was brought by several UAL stockholders, purportedly on behalf of all of UAL stockholders who sold puts or common stock from October 29, 1987 through December 8, 1987. The complaint alleged that UAL committed common law fraud and violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and the Illinois Deceptive Trade Practices Act by falsely announcing that it intended to distribute proceeds of sales of non-core businesses as a special dividend, when in fact it was negotiating a cash tender offer for the buyback of shares. Plaintiffs claimed \$160 million in damages, plus attorneys' fees, fees and costs of plaintiff's accountants and experts and other costs and disbursements. UAL's motion for summary judgment was granted on August 11, 1995. Plaintiffs have filed a notice of appeal to the Seventh Circuit.

United may be affected by legal proceedings brought by owners of property located near certain airports. Plaintiffs generally seek to enjoin certain aircraft operations and/or to obtain damages against airport operators and air carriers as a result of alleged aircraft noise or air pollution. Any liability or injunctive relief imposed against airport operations or air carriers could result in higher costs to United and other air carriers.

The ultimate disposition of the matters discussed in this Item 3, and other claims affecting the Company, are not expected to have a material adverse effect on the Company's financial condition or results of operations.

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 1995.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

GERALD GREENWALD. Age 60. Mr. Greenwald has been Chairman and

Chief Executive Officer of the Company and United since July 12, 1994. Prior to joining the Company, he served as Chairman of Tatra Truck Company, Czech Republic (a truck manufacturer) from March 1993 until July 1994. Mr. Greenwald previously served as President of Olympia & York Developments Limited (a real estate development company that was in the process of a financial restructuring at the time Mr. Greenwald agreed to serve as president and certain subsidiaries of which filed for protection under federal bankruptcy laws in connection with such restructuring) from April 1992 until March 1993, and as Managing Director of Dillon Read & Co. Inc. (an investment banking firm) in 1991-1992.

JOHN A. EDWARDSON. Age 46. Mr. Edwardson has been President since July 12, 1994 and Chief Operating Officer since March 30, 1995 of the Company and United and a member of the board of directors of the Company since July 12, 1994. Prior to joining the Company, he served as Executive Vice President and Chief Financial Officer of Ameritech Corporation (a telecommunications company) from 1991 to July 1994.

JOSEPH R. O'GORMAN, JR. Age 52. Mr. O'Gorman has been Executive Vice President of the Company since February 18, 1991 and Executive Vice President - Fleet Operations and Administration of United since April 1, 1995. He served as Executive Vice President - Operations of United from April 30, 1992 to March 31, 1995. He had served as Executive Vice President - Flight Services of United since February 25, 1991. Previously, Mr. O'Gorman served as Executive Vice President - Operations of USAir Group (an air carrier) from August 1990 until February 1991.

STUART I. ORAN. Age 45. Mr. Oran has been Executive Vice President - Corporate Affairs and General Counsel of the Company and United since July 12, 1994. Prior to joining the Company, he was a corporate partner with Paul, Weiss, Rifkind, Wharton and Garrison, a law firm he joined in 1974.

DOUGLAS A. HACKER. Age 40. Mr. Hacker has been Senior Vice President - Finance and chief financial officer of the Company since July 12, 1994. He has been Senior Vice President and Chief Financial Officer of United since February 13, 1996 and had been Senior Vice President - Finance of United beginning March 8, 1993. Prior to joining United, Mr. Hacker served in various senior management positions at American Airlines, Inc. (an air carrier) since July 1987 including Vice President - Corporate and Fleet Planning, Vice President - Corporate Services, Vice President and Treasurer and Vice President - Corporate Finance and Development.

CHRISTOPHER D. BOWERS. Age 48. Mr. Bowers has been Senior Vice President - International of United since April 1, 1995. Prior to assuming his current position, he was Vice President and General Sales Manager of the Sales Division since April 1, 1988.

DAVID COLTMAN. Age 53. Mr. Colman has been Senior Vice President - Marketing of United since April 1, 1995. Previously, Mr. Colman served as Vice President - Atlantic Division in London since January 25, 1989.

RONO DUTTA. Age 44. Mr. Dutta has been Senior Vice President - Planning of United since November 7, 1994 and became an executive officer of United on April 1, 1995. His prior positions with United include Vice President - Cargo from September to November of 1994, Vice President - U2 Development from April to September of 1994, Vice President - Management Information Systems from July 1993 to April 1994, Senior Vice President - Maintenance Operation from May 1992 to July 1993, Vice President - Base Maintenance Operations from June 1991 to May 1992, and Vice President - Financial Planning and Analysis from November 1990 to June 1991.

PAUL G. GEORGE. Age 44. Mr. George has been Senior Vice President - People of United since April 11, 1988.

JAMES E. GOODWIN. Age 51. Mr. Goodwin has been Senior Vice President - North America of United since April 1, 1995. He had served as Senior Vice President - International of United since May 1992. Prior thereto, he was Senior Vice President - Maintenance Operations since January 1991.

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

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 per share of the Company's Common Stock on the NYSE Composite Tape and the

Company's old common stock outstanding immediately prior to the Recapitalization (which occurred on July 12, 1994). As a result of the Recapitalization, the price per share of old common stock is not comparable to the price per share of the Common Stock.

COMMON STOCK:

	High	Low
1995:		
1st quarter	\$107 1/4	\$ 87 5/8
2nd quarter	143	104
3rd quarter	172	137 1/2
4th quarter	211 7/8	166
1994:		
3rd quarter (from July 13)	105	86 3/4
4th quarter	96 7/8	83 1/8

OLD COMMON STOCK:

1994:		
1st quarter	150	123 3/4
2nd quarter	130 1/2	115 1/8
3rd quarter (through July 12)	130 1/2	125 1/2

No dividends have been declared on the Company's common stock during the past five years. The payment of any future dividends on the Common Stock and the amount thereof will be determined by the Board of Directors of the Company in light of earnings, the financial condition of the Company and other relevant factors. At March 1, 1996, based on reports by the Company's transfer agent for the Common Stock, there were 11,338 common stockholders of record.

On February 29, 1996 the Board of Directors of UAL conditionally approved a four-for-one split in the Common Stock. The split, which is scheduled to occur at the close of business on May 6, 1996 (which is also the record date), is dependent on stockholder approval at its April 24, 1996 annual meeting of a proposal to increase the number of authorized shares of the Common Stock.

ITEM 6. SELECTED FINANCIAL DATA.

Information required by this item is set forth under "Selected Financial Data" of the Company's 1995 Annual Report to Stockholders and is incorporated herein by reference.

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

Information required by this item is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's 1995 Annual Report to Stockholders and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Information required by this item is set forth under "Statements of Consolidated Operations," "Statements of Consolidated Financial Position," "Statements of Consolidated Cash Flows," "Statements of Consolidated Shareholders' Equity," "Notes to Consolidated Financial Statements" and "Report of Independent Public Accountants" of the Company's 1995 Annual Report to Stockholders and is incorporated herein by reference.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1996 Annual Meeting of Stockholders. Information regarding the executive officers is included in Part I of this Form 10-K under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1996 Annual Meeting of Stockholders.

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

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1996 Annual

Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1996 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements. The following is a list of the financial statements, all of which are incorporated in this report by reference from the Company's 1995 Annual Report to Stockholders (portions of which are filed as Exhibit 13 to this Form 10-K).

Statements of Consolidated Operations for the years ended December 31, 1995, 1994 and 1993

Statements of Consolidated Financial Position - December 31, 1995 and 1994

Statements of Consolidated Cash Flows for the years ended December 31, 1995, 1994 and 1993

Statements of Consolidated Shareholders' Equity for the years ended December 31, 1995, 1994 and 1993

Notes to Consolidated Financial Statements

2. Financial Statement Schedules. The financial statement schedule required by this item is listed below and included in this report on page F-1 after the signature page hereto.

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 1995, 1994 and 1993

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 following is an index of exhibits included in this report or incorporated herein by reference.

3.1 Restated Certificate of Incorporation as filed in Delaware on July 12, 1994, as corrected on February 2, 1995 (filed as Exhibit 3.1 to UAL Corporation's ("UAL") Form S-4 Registration Statement (Registration No. 33-57579) and incorporated herein by reference).

3.2 Certificate of Amendment of the Restated Certificate of Incorporation of UAL Corporation as filed in Delaware on May 25, 1995 (filed as Exhibit 3.1 to UAL's Form 8-K dated June 27, 1995 and incorporated herein by reference).

3.3 By-laws (filed as Exhibit 3.2 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).

4.1 Rights Agreement dated as of December 11, 1986 between UAL Corporation and First Chicago Trust Company of New York, as Rights Agent, as amended (filed as Exhibit 4.1 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).

4.2 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 4.2 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).

4.3 Indenture dated as of April 3, 1995 between UAL Corporation and The Bank of New York, as Trustee (filed as Exhibit 4.1 to UAL's Form 10-Q for the quarter ended March 31, 1995, as amended, and incorporated herein by reference).

4.4 Officer's Certificate relating to UAL's 6-3/8% Convertible Subordinated Debentures due 2025 (filed as Exhibit 4.2 to UAL's Form 10-Q for the quarter ended March 31, 1995, as amended, and incorporated herein by reference).

4.5 Form of UAL's 6-3/8% Convertible Subordinated Debenture due 2025 (filed as Exhibit 4.3 to UAL's Form 10-Q for the quarter ended March 31, 1995, as amended, and incorporated herein by reference).

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, International and the International Association of Machinists and Aerospace Workers (filed as Exhibit A to Exhibit 10.1 of UAL's Form 8-K dated June 2, 1994 and incorporated herein by reference; amendment thereto filed as Exhibit 10.1 of UAL's Form 8-K dated June 29, 1994 and incorporated herein by reference).
- 10.2 Waiver and Agreement, dated as of December 23, 1994, to the Recapitalization Agreement among UAL Corporation, the Air Line Pilots Association, International and the International Association of Machinists and Aerospace Workers (filed as Exhibit 10.2 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.3 Third Amendment, dated as of March 15, 1995, to the Recapitalization Agreement among UAL Corporation, the Air Line Pilots Association, International and the International Association of Machinists and Aerospace Workers (filed as Exhibit 10.3 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.4 UAL Corporation Employee Stock Ownership Plan, effective as of July 12, 1994 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.5 First Amendment to UAL Corporation Employee Stock Ownership Plan, dated December 28, 1994 and effective as of July 12, 1994 (filed as Exhibit 10.39 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.6 Second Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of August 17, 1995 and effective as of July 12, 1994 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 1995 and incorporated herein by reference).
- 10.7 Third Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of December 28, 1995 and effective as of July 12, 1994.
- 10.8 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 10.2 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.9 UAL Corporation Supplemental ESOP, effective as of July 12, 1994 (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.10 First Amendment to UAL Corporation Supplemental ESOP, dated February 22, 1995 and effective as of July 12, 1994 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 1995, as amended, and incorporated herein by reference).
- 10.11 Second Amendment to UAL Corporation Supplemental ESOP, dated as of August 17, 1995 and effective as of July 12, 1994 (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended September 30, 1995 and incorporated herein by reference).
- 10.12 Third Amendment to UAL Corporation Supplemental ESOP, dated as of December 28, 1995 and effective as of July 12, 1994.
- 10.13 UAL Corporation Supplemental ESOP Trust Agreement between UAL Corporation and State Street Bank and Trust Company, effective July 12, 1994 (filed as Exhibit 10.4 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.14 Preferred Stock Purchase Agreement, dated as of March 25, 1994, between UAL Corporation and State Street Bank and Trust Company (filed as Exhibit 10.5 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.15 Amendment No. 1 to Preferred Stock Purchase Agreement, dated as of June 2, 1994, between UAL Corporation and State Street Bank and Trust Company (filed as Exhibit 10.6 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.16 Preferred Stock Purchase Agreement, dated as of August 11,

1995, between UAL Corporation and State Street Bank and Trust Company.

- 10.17 Class I Junior Preferred Stockholders' Agreement dated as of June 12, 1994 (filed as Exhibit 10.12 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.18 Class SAM Preferred Stockholders' Agreement dated as of July 12, 1994 (filed as Exhibit 10.13 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.19 First Refusal Agreement dated as of July 12, 1994, as amended by First Amendment dated as of February 24, 1995 (filed as Exhibit 10.12 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.20 Second Amendment to First Refusal Agreement dated as of February 29, 1996.
- 10.21 UAL Corporation 1981 Incentive Stock Plan.
- 10.22 UAL Corporation 1988 Restricted Stock Plan.
- 10.23 UAL Corporation Incentive Compensation Plan, as amended (filed as Exhibit 10.15 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.24 UAL Corporation Retirement Plan for Outside Directors, as supplemented March 30, 1995 (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended June 30, 1995 and incorporated herein by reference).
- 10.25 Description of Complimentary Travel and Cargo Carriage Benefits for UAL Directors.
- 10.26 UAL Corporation 1995 Directors Plan (filed as Exhibit 10.19 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.27 Employment Agreement 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).
- 10.28 Amendment No. 1 to Employment Agreement 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).
- 10.29 Restricted Stock Deposit Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.7 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.30 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 herein by reference).
- 10.31 Restricted Stock Deposit Agreement between UAL Corporation and John A. Edwardson (filed as Exhibit 10.10 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.32 Restricted Stock Deposit Agreement between UAL Corporation and Stuart I. Oran (filed as Exhibit 10.12 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.33 United Supplemental Retirement Plan (filed as Exhibit 10.42 to UAL's Form 10-K for the year ended December 31, 1992, and incorporated herein by reference).
- 10.34 Description of Officer Benefits.
- 10.35 Form of Severance Agreement between UAL Corporation and certain officers of United Air Lines, Inc. (filed as Exhibit 10.27 to UAL's Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
- 10.36 Letter Agreement dated April 28, 1995 between UAL Corporation, United Air Lines, Inc. and Joseph R. O'Gorman (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended June 30, 1995 and incorporated herein by reference).
- 10.37 Change Order No. 7 dated September 19, 1995 to the Agreement dated December 18, 1990 between The Boeing Company and United Air Lines, Inc. (and United Worldwide Corporation)

for acquisition of 777-200 aircraft (as previously amended and supplemented, the "777-200 Purchase Agreement" (filed as Exhibit 10.7 to UAL's Form 10-K for the year ended December 31, 1990, and incorporated herein by reference; supplements thereto filed as (i) Exhibits 10.1, 10.2 and 10.22 to UAL's Form 10-Q for the quarter ended June 30, 1993, (ii) Exhibit 10.2 to UAL's Form 10-K for the year ended December 31, 1993, (iii) Exhibit 10.14 to UAL's Form 10-Q for the quarter ended June 30, 1994, (iv) Exhibits 10.27 and 10.28 to UAL's Form 10-K for the year ended December 31, 1994, (v) Exhibits 10.2 and 10.3 to UAL's Form 10-Q for the quarter ended March 31, 1995, and (vi) Exhibits 10.4, 10.5 and 10.6 to UAL's Form 10-Q for the quarter ended June 30, 1995, and incorporated herein by reference)). (Exhibit 10.37 hereto is filed with a request for confidential treatment of certain portions thereof.)

- 10.38 Change Order No. 8 dated October 17, 1995 to the 777-200 Purchase Agreement. (Exhibit 10.38 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.39 Supplemental Agreement No. 3 dated October 27, 1995 to the 777-200 Purchase Agreement. (Exhibit 10.39 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.40 Letter Agreement No. 6-1162-JME-118 dated December 19, 1995 to the 777-200 Purchase Agreement. (Exhibit 10.40 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.41 Supplemental Agreement No. 7 dated as of December 29, 1995 to the Agreement dated December 18, 1990 between The Boeing Company and United Air Lines, Inc. (and United Worldwide Corporation) for acquisition of 747-400 aircraft (as previously amended and supplemented, the "747-400 Purchase Agreement" (filed as Exhibit 10.8 to UAL's Form 10-K for the year ended December 31, 1990, and incorporated herein by reference; supplements thereto filed as (i) Exhibits 10.4 and 10.5 to UAL's Form 10-K for the year ended December 31, 1991, (ii) Exhibits 10.3, 10.4, 10.5, 10.6 and 10.22 to UAL's Form 10-Q for the quarter ended June 30, 1993, (iii) Exhibit 10.3 to UAL's Form 10-K for the year ended December 31, 1993, (iv) Exhibit 10.14 to UAL's Form 10-Q for the quarter ended June 30, 1994, (v) Exhibits 10.29 and 10.30 to UAL's Form 10-K for the year ended December 31, 1994, (vi) Exhibits 10.4 through 10.8 to UAL's Form 10-Q for the quarter ended March 31, 1995, and (vii) Exhibits 10.7 and 10.8 to UAL's Form 10-Q for the quarter ended June 30, 1995, and incorporated herein by reference)). (Exhibit 10.41 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 10.42 Amendment No. 4 dated November 27, 1995 to the Agreement dated August 10, 1992 between AVSA, S.A.R.L., as seller, and United Air Lines, Inc., as buyer, for the acquisition of Airbus Industrie A320-200 model aircraft (as previously amended and supplemented, "A320-200 Purchase Agreement" (filed as Exhibit 10.14 to UAL's Form 10-K for the year ended December 31, 1992, and incorporated herein by reference; supplements thereto filed as (i) Exhibits 10.4 and 10.5 to UAL's Form 10-K for the year ended December 31, 1993, (ii) Exhibits 10.15 and 10.16 to UAL's Form 10-Q for the quarter ended June 30, 1994, (iii) Exhibit 10.31 to UAL's Form 10-K for the year ended December 31, 1994, and (iv) Exhibit 10.9 to UAL's Form 10-Q for the quarter ended June 30, 1995, and incorporated herein by reference)). (Exhibit 10.42 hereto is filed with a request for confidential treatment of certain portions thereof.)
- 11 Calculation of fully diluted net earnings per share.
- 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.
- 13 Certain portions of UAL Corporation's 1995 Annual Report to Stockholders.
- 21 List of Registrant's subsidiaries.
- 23 Consent of Independent Public Accountants.
- 27 Financial Data Schedule.
- 99 Annual Report on Form 11-K for Employees' Stock Purchase Plan of UAL Corporation.

Each of Exhibits 10.21 through 10.32 and 10.34 through 10.36 is a management contract or compensatory plan or arrangement required to

be filed as an exhibit to Registrant's Form 10-K pursuant to Item 14(c) of Form 10-K.

(b) Reports on Form 8-K.

Form 8-K dated October 2, 1995 to report a press release issued regarding UAL exploring possible acquisition of USAir.

Form 8-K dated November 13, 1995 to report a press release issued regarding UAL ceases acquisition talks with USAir.

Form 8-K dated January 23, 1996 to report a press release issued regarding UAL earnings release.

Form 8-K dated January 29, 1996 to report a press release issued regarding UAL credit improvement initiatives.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 29th day of February, 1996.

UAL CORPORATION

By: /s/ Gerald Greenwald
Gerald Greenwald
Chairman of the Board and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 29th day of February, 1996 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Gerald Greenwald
Gerald Greenwald
Chairman of the Board and Chief
Executive Officer (principal
executive officer)

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

/s/ John A. Edwardson
John A. Edwardson
Director

/s/ John F. Peterpaul
John F. Peterpaul
Director

/s/ Duane D. Fitzgerald
Duane D. Fitzgerald
Director

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

/s/ Michael H. Glawe
Michael H. Glawe
Director

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

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

/s/ Joseph V. Vittoria
Joseph V. Vittoria
Director

/s/ John F. McGillicuddy
John F. McGillicuddy
Director

/s/ Paul A. Volcker
Paul A. Volcker
Director

/s/ Douglas A. Hacker
Douglas A. Hacker
Senior Vice President - Finance
(principal financial and
accounting officer)

UAL Corporation and Subsidiary Companies

Schedule II--Valuation and Qualifying Accounts

For the Year Ended December 31, 1995

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Other Accounts	Deductions	Balance at End of Year
-----	-----	-----	-----	-----	-----

(In Millions)

Reserve deducted from asset to which it applies:

Allowance for doubtful accounts	\$ 22	\$ 20	\$ -	\$ 23(1)	\$ 19
Obsolescence allowance - Flight equipment spare parts	\$ 44	\$ 14	\$ 3	\$ 23(1)	\$ 38

(1) Deduction from reserve for purpose for which reserve was created.

UAL Corporation and Subsidiary Companies
Schedule II--Valuation and Qualifying Accounts
For the Year Ended December 31, 1994

Description -----	Balance at Beginning of Year -----	Additions Charged to Costs and Expenses -----	Other Accounts -----	Deductions -----	Balance at End of Year -----
		(In Millions)			
Reserve deducted from asset to which it applies:					
Allowance for doubtful accounts	\$ 22	\$25	\$ -	\$ 25(1)	\$ 22
Obsolescence allowance - Flight equipment spare parts	\$ 70	\$12	\$ 4	\$ 42(2)	\$ 44

(1) Deduction from reserve for purpose for which reserve was created.

(2) Includes deduction from reserve for parts dispositions and write-offs and \$22 million of reserves transferred in connection with parts transferred to non-operating property.

UAL Corporation and Subsidiary Companies
Schedule II--Valuation and Qualifying Accounts
For the Year Ended December 31, 1993

Description -----	Balance at Beginning of Year -----	Additions Charged to Costs and Expenses -----	Other Accounts -----	Deductions -----	Balance at End of Year -----
		(In Millions)			
Reserve deducted from asset to which it applies:					
Allowance for doubtful accounts	\$ 12	\$ 19	\$ 7	\$ 16(1)	\$ 22
Obsolescence allowance - Flight equipment spare parts	\$ 46	\$ 12	\$27	\$ 15(1)	\$ 70

(1) Deduction from reserve for purpose for which reserve was created.

THIRD 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, subject to the approval of ALPA and the IAM, as follows, effective January 1, 1995 (except as specified below).

1. The paragraph inserted by the Second Amendment to the Plan at the end of the material labelled "Part A" which precedes Section 1 is deleted and replaced with the following paragraph:

"For the Plan Years beginning on and after January 1, 1995, the foregoing percentages are amended to take into account the participation by the IAM Employee Group in allocations of Class 2 Non-Voting Preferred Stock under Part B and the Supplemental Plan. Accordingly, the shares of Class 1 Non-Voting Preferred Stock allocated on or after January 1, 1995, will be allocated ratably over the remaining Wage Investment Period, to the Employee Groups in accordance with the following revised percentages:

ALPA Employee Group - 32.234549%
IAM Employee Group - 47.036084%
Management and Salaried Employee Group - 20.729367%"

2. Section 1(p) is amended by adding the following to the end of the Section:

"With respect to a Participant who is a member of the ALPA Employee Group, Compensation shall not include amounts paid as a vacation buy-back at the book rate under the collective bargaining agreement applicable to members of the ALPA Employee Group. An amount included as "compensation," as defined in the Supplemental Plan, as a result of an election by the Employee to defer receipt of the amount, shall not be included as Compensation in the Plan Year in which the amount is actually paid to the Employee."

3. Section 1(dd) is amended by adding the following to the end of the Section:

"The requirement that an Employee be "non-probationary" to be a member of the IAM Employee Group shall not apply if the Employee (i) satisfies the other requirements of this subsection, and (ii) either (x) was previously a Participant before completing the probationary period, or (y) before completing the probationary period, completes (whether or not in a capacity represented by the IAM) either (I) a total of six months of consecutive service as an Employee, or (II) six months of service within a single Plan Year."

4. The following is added to the end of Section 2.3:

"A Participant who transfers from one Employee Group to another, and who is an Eligible Employee in the Employee Group to which the Participant transfers (ignoring any service requirement otherwise applicable to members of such Employee Group), shall become a Participant in the Employee Group to which the Participant transfers as of the date of transfer."

5. The material added by the Second Amendment to Section 5.4(a)(i)(A) is deleted and the following inserted in its place:

"For Class 1 Non-Voting Preferred Stock released for Plan Years beginning on or after January 1, 1995, the allocation percentage shall be as follows: ALPA Employee Group 32.234549%; IAM Employee Group - 47.036084% and Management and Salaried Employee Group - 20.729367%."

6. Section 5.4(c) is amended, for Plan Years beginning on or after January 1, 1995, by eliminating the following proviso:

"provided, however, that no allocations (other than allocations under clauses (i) and (viii) below) shall be made to Accounts of Participants who are members of the IAM Employee Group."

7. The material added to the end of Section 5.4(c) by the Second Amendment is hereby deleted.

8. Section 7.11 is amended by adding the following to the end of the Section:

"Notwithstanding anything to the contrary contained herein, all payments under qualified domestic relations orders must be made as soon as administratively feasible following the determination of the qualified status of the order. Any domestic relations order under which payment cannot be made as set forth in the preceding sentence is considered to provide for a type or form of benefit not provided in the Plan and will not be recognized as a qualified domestic relations order."

9. The following new Section 11.13 is added to the Plan, effective as of July 12, 1994:

"11.13 Committee Alternates.

An individual acting as an alternate member of the ESOP Committee shall be considered a member of the ESOP Committee for all purposes of this Plan."

10. Paragraph (a)(2) of Appendix A, as added by the Second Amendment, is amended to read as follows:

"(2) Shares to be included in hypothetical share number and hypothetical allocation. The following number of shares is to be included in the hypothetical share number under Section 5.4(c)(ii) and Section 2.4(a) of the Supplemental Plan as the Special Annual Allocation for each affected Participant: the sum of (i) the 1994 Shortfall Shares, plus (ii) \$8.8872 times the Participant's 1994 Shortfall Shares divided by the fair market value of a share of Class 1 Non-Voting Preferred Stock as of the end of the 1995 Plan Year."

11. Paragraph (b)(2) of Appendix A, as added by the Second Amendment, is amended by deleting the last sentence thereof.

12. Appendix A, as added by the Second Amendment, is amended by adding the following to the end of the Appendix:

"Other Special Annual Allocations. Prior to the end of any Plan Year (including the 1995 Plan Year), the Committee may adopt a Special Annual Allocation in addition to those set forth above. Such additional Special Annual Allocations may be adopted by the Committee if it determines that, as a result of missing data or a similar reason, a Participant's account was not allocated the number of shares the Committee determines to be appropriate according to the terms of the Plan. Such additional Special Annual Allocations shall be made according to the method set forth above for the Special Annual Allocation for 1995, using data applicable to the appropriate Plan Year(s). As is the case for the other Special Annual Allocations under this Appendix A, the hypothetical share number referred to in the Plan shall be calculated by taking into account such Special Annual Allocation, as explained in Section 5.4(c)(ii) of the Plan."

IN WITNESS WHEREOF, the Company has caused this Third Amendment to be executed on December 28, 1995.

UAL CORPORATION

/s/ Douglas A. Hacker

APPROVED BY:

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

/s/ Harlow B. Osteboe

/s/ J. Randolph Babbitt

INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE
WORKERS

/s/ Kenneth W. Thiede

THIRD AMENDMENT
OF
UAL CORPORATION
SUPPLEMENTAL ESOP
(Effective as of July 12, 1994)

By virtue and in exercise of the amending power reserved to UAL Corporation (the "Company") under section 5.1 of the UAL Corporation Supplemental ESOP (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, as follows, effective January 1, 1995:

1. The material added to the end of Section 1.1(c) by the Second Amendment is deleted and the following inserted in its place:

"For Convertible Shares to be allocated under this Plan for Plan Years beginning on or after January 1, 1995, 96.286956% will be allocated to the ALPA Employee Group, 1.699314% will be allocated to the IAM Employee Group, and 2.01373% will be allocated to the Management and Salaried Employee Group."

2. The material added to the end of Section 1.1(d) by the Second Amendment is deleted and the following inserted in its place:

"Effective for Plan Years beginning on or after January 1, 1995, the Class M Voting Shares will be contributed to the ESOP (Part B) or the Supplemental Trust."

3. Section 1.3(d) is amended to read as follows:

"`Committee' means the ESOP Committee."

4. Section 1.3(g) is amended by adding the following to the end of the Section:

"For the Plan Year commencing January 1, 1995, and for subsequent Plan Years, `Compensation' for an Employee who is a member of the Management and Salaried Employee Group shall include any compensation which would have been paid to the Employee during the Plan Year, but was not paid during that Plan Year because the Employee elected to defer its receipt according to a procedure adopted by the Company. Compensation included as a result of the preceding sentence shall not be included as Compensation in the Plan Year in which it is actually paid to the Employee."

5. Section 1.3(j) is amended to read as follows:

"(j) `Eligible Employee' means an `eligible employee' as defined in the ESOP."

6. The second sentence of Section 2.1 is deleted.

7. The first sentence of Section 2.4(c) is amended to read as follows:

"For each ESOP Participant, the difference, if any, between the Hypothetical Share Number and the Actual Share Number shall be referred to as the Tentative Allocation."

8. Section 3.1(b) is amended by adding the following to the end of the Section:

"The Committee may determine for any Participant or group of Participants that, because of the possibility of transfers to the ESOP (Part B) under Section 2.7, it is not practicable to make payments under Section 3.1(b) until the amount (if any) of such transfers can be determined."

9. Subsections 4.2(a), (b), (c) and (i) are deleted and replaced in each instance by "Reserved."

10. Section 5.1 is amended to read as follows:

"5.1 Amendment. While the Company expects and intends to continue the Plan, the Company must necessarily reserve, and does hereby reserve, the right to amend the Plan at any time, except that no amendment may be adopted, without the approval of ALPA and the IAM, provided, that, with respect to amendments adopted which are described in Section 13.1(b) or (d) of the ESOP (which subsections shall be treated as appropriately modified to the extent necessary to reflect

the circumstances of this Plan) the need for joint approval shall be modified."

IN WITNESS WHEREOF, the Company has caused this Third Amendment to be executed on December 28, 1995.

UAL CORPORATION

/s/ Douglas A. Hacker

Approved by:

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

/s/ J. Randolph Babbitt

/s/ Harlow B. Osteboe

INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS

/s/ Kenneth W. Thiede

PREFERRED STOCK PURCHASE AGREEMENT

PREFERRED STOCK PURCHASE AGREEMENT dated as of August 11, 1995, between UAL Corporation, a Delaware corporation ("UAL"), and State Street Bank and Trust Company, a Massachusetts trust company, acting solely in its capacity as trustee under the Plan defined below and not in its individual capacity (the "Trustee").

W I T N E S E T H:

WHEREAS, on July 12, 1994, certain transactions contemplated by the Agreement and Plan of Recapitalization dated March 25, 1994 by and among UAL and the unions representing certain of the employees of United Air Lines, Inc., as amended, (the "Recapitalization Agreement") were consummated. (The recapitalization of UAL, as more fully described in the Recapitalization Agreement, shall hereinafter be referred to as the "Transaction");

WHEREAS, in connection with the Transaction, UAL established the UAL Corporation Employee Stock Ownership Plan (the "Plan"), which consists of an employee stock ownership plan and a stock bonus plan; and

WHEREAS, a portion of the employee stock ownership plan (Part A thereof) forms part of the stock bonus plan, includes a money purchase pension plan and is intended to qualify as an employee stock ownership plan under Section 4975(e) (7) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, UAL appointed the Trustee as the trustee of the UAL Corporation Employee Stock Ownership Plan Trust (the "Trust"), which was established to hold the assets of the Plan pursuant to the terms of the Trust Agreement, by and between UAL and the Trustee (the "Trust Agreement"); and

WHEREAS, Part A of the Plan and Trust Agreement provide that the assets of the trust created thereunder attributable to the Plan shall be invested primarily in shares of "employer securities" of UAL within the meaning of Section 409(l) of the Code; and

WHEREAS, UAL created a new class of securities designated as the Class 1 ESOP Convertible Preferred Stock, par value (\$0.01) (the "Class 1 ESOP Convertible Preferred Stock" or the "ESOP Preferred Stock"); and

WHEREAS, the Recapitalization Agreement provided for, among other things, the transfer to the Trust of 13,813,282 shares of the Class 1 ESOP Convertible Preferred Stock in a series of transactions which shall occur during the 69 months immediately following the Effective Time (as defined in the Recapitalization Agreement); and

WHEREAS, UAL now wishes to sell and the Trustee now wishes to purchase 2,850,103 shares of the Class 1 ESOP Convertible Preferred Stock from UAL, in the amount, at the purchase price and subject to the other terms and conditions as set forth in this Agreement;

NOW, THEREFORE, in consideration of these premises and the mutual promises contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Purchase; Purchase Price. Subject to the terms and conditions of this Agreement, the Trustee shall purchase on behalf of the Plan (the "Purchase") from UAL, and UAL shall issue and sell to the Trustee an aggregate of 2,850,103 shares of Class 1 ESOP Convertible Preferred Stock (the "Shares") for an aggregate purchase price (the "Purchase Price") of \$535,391,848.55.

2. Closing; Payment. The Purchase shall be consummated (the "Closing") at or about August 11, 1995 at the offices of UAL, or at such time, date or place as shall be fixed by an agreement of UAL and the Trustee. The date of the Closing shall hereinafter be referred to as the "Closing Date". At the Closing, UAL shall deliver to the Trustee a certificate or certificates representing the Shares, which shall be registered in the name of the Trustee, as trustee under the Trust, or in the name of its nominee, against delivery to UAL by the Trustee of a check for a dollar amount equal to the par value per Share times the number of Shares described in Section 1 above (the "Cash Amount"), representing the aggregate par value of the Shares and a promissory note of the Trust (the "ESOP Note") substantially in the form set forth in Exhibit A hereto, in an amount equal to the difference between the Purchase Price and a dollar amount equal

to the par value per Share times the number of Shares described in Section 1 above. Notwithstanding the foregoing, UAL may, with the consent of the Trustee, accomplish the transfer of shares to the Trustee by book entry, in which event a cross receipt in the form set forth in Exhibit B hereto shall be executed by the parties. UAL shall pay all stamp and other transfer taxes, if any, that may be payable in respect of the issuance, sale and delivery of the Shares and shall be entitled to any refund thereof, and shall present the Trustee with evidence that such transfer taxes either have been paid or are not due.

3. Representations and Warranties of UAL. UAL hereby represents and warrants to the Trustee as follows:

3.1 UAL has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware with corporate power and authority, including governmental licenses, authorizations, consents and approvals, to own, lease and operate its properties and conduct its business except for licenses, authorizations, consents and approvals the absence of which will not have a Material Adverse Effect. For the purposes of this Agreement, "Material Adverse Effect" shall mean any change or effect the consequence of which is materially adverse to the condition (financial or otherwise), business, assets or results of operations of UAL and its Subsidiaries (as defined below) taken as a whole. UAL is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction where its ownership or leasing of properties or the conduct of its business requires such qualification, except for the jurisdictions where the failure to be so qualified would not have a Material Adverse Effect.

3.2 Except as set forth in Schedule 3.2 hereto, the execution, delivery and performance of this Agreement and all other documents or instruments to be executed or delivered by UAL in connection with this Agreement are within UAL's powers and have been duly authorized by all necessary corporate action. This Agreement and all other documents or instruments to be executed or delivered by UAL in connection with this Agreement are, assuming due authorization, execution and delivery by the Trustee, valid and binding upon UAL and enforceable against UAL in accordance with their respective terms except as the enforceability thereof may be limited by the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally, ERISA and by general principles of equity (regardless of whether considered in a proceeding at law or in equity).

3.3 Except as set forth in Schedule 3.3 hereto, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under (i) the Certificate of Incorporation or Bylaws, each as amended, of UAL or any of its Subsidiaries (as hereinafter defined), or (ii) except as set forth in Schedule 3.3(ii) hereto, any provision of any indenture, mortgage, deed of trust, agreement, instrument, order, arbitration award, judgment or decree to which UAL or any of its Subsidiaries is a party or by which any of their respective assets are bound, or (iii) any material statute, material rule or material regulation applicable to UAL or any of its Subsidiaries of any court, bureau, board, agency or other governmental body having jurisdiction.

3.4 As of the Closing Date, the authorized, issued and outstanding capital stock of UAL shall be as set forth in Schedule 3.4 hereto, and UAL shall have no obligations to issue any additional shares pursuant to any options, warrants, conversion rights or other arrangements except as set forth in Schedule 3.4 hereto, and all shares of issued and outstanding capital stock of UAL shall have been duly authorized and are fully paid and nonassessable.

3.5 Each Subsidiary is a corporation or partnership duly incorporated or formed, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation, has all requisite power and authority including all governmental licenses, authorizations, consents and approvals required to own, lease and operate its properties (except those the absence of which would not have a Material Adverse Effect) and to conduct its business and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect. For purposes of this Agreement, "Subsidiary" means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are directly or indirectly owned by UAL prior to the Closing Date. All Subsidiaries and their respective

jurisdictions of incorporation or formation are identified on Schedule 3.5 hereto.

Except as otherwise disclosed on Schedule 3.5, all of the outstanding capital stock of, or other ownership interests in, each Subsidiary, is owned by UAL, directly or indirectly, free and clear of any liens, claims, charges and encumbrances (collectively "Liens") and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other ownership interests). Except as disclosed on Schedule 3.5, there are outstanding (i) no securities of UAL or any Subsidiary convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any Subsidiary, and (ii) no options, subscriptions, warrants or other rights, agreements, arrangements or commitments of any character to acquire from UAL or any Subsidiary, and no other obligation of UAL or any Subsidiary to issue, any capital stock, voting securities or other ownership interests in, or any securities convertible into or exchangeable or exercisable for any capital stock, voting securities or ownership interest in, any Subsidiary (the items in clauses (i) and (ii) being referred to collectively as the "Subsidiary Securities"). There are no outstanding obligations of UAL or any Subsidiary to repurchase, redeem or otherwise acquire any outstanding Subsidiary Securities.

3.6 As of the Closing Date, the Shares (i) shall have the rights, preferences and qualifications set forth in the Restated Certificate of Incorporation of UAL Corporation, (a copy of which is attached hereto as Exhibit C), (ii) shall have been duly and validly authorized and (iii) when issued and delivered to the Trustee in exchange for the Cash Amount and the ESOP Note, will be in proper form, validly issued, fully paid and nonassessable. As of the Closing Date, UAL shall have full right and authority to issue, sell, transfer, and deliver the Shares and will effectively transfer to the Trustee, on the Closing Date, the full right, title and interest therein and thereto, free and clear of all Liens, except for (A) beneficial interests accruing to participants in the Plan and their beneficiaries and (B) any Liens created or imposed by the Trustee on behalf of the Trust.

3.7 As of the Closing Date, the shares of Common Stock (as hereinafter defined) into which the Shares are convertible, shall be duly and validly authorized and reserved for issuance and, when issued upon such conversion, will be validly issued, fully paid and nonassessable and upon delivery to the Trustee, the Trust will acquire full right, title and interest to such shares of Common Stock free and clear of all Liens, except for (i) beneficial interests accruing to the participants in the Plan and their beneficiaries and (ii) any Liens created or imposed by the Trustee on behalf of the Trust.

3.8 No authorization, approval or consent of, or filing with, any governmental authority or agency or other third party, is required in connection with the sale of the Shares by UAL hereunder or the conversion of the Shares into Common Stock except for (i) any of such as shall have been made or obtained prior to the Closing, (ii) any of such relating to the listing on any securities exchange of any shares of UAL common stock, par value \$.01 per share (the "Common Stock"), to be delivered upon conversion of Shares and (iii) filings with and/or approvals of the Internal Revenue Service. The Shares are being issued pursuant to a valid exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws.

3.9 UAL's filings with the Securities and Exchange Commission ("Commission") for the years 1992, 1993 and 1994, respectively, at the time they were filed with the Commission, (i) complied in all material respects with the requirements of the Securities Act, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as appropriate, and the Rules and Regulations of the Commission respectively promulgated thereunder, (ii) in the case of filings under the Exchange Act, did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and (iii) no registration statement, as amended or supplemented, if applicable, filed pursuant to the Securities Act as of the date such statement, amendment or supplement became effective contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

3.10 The consolidated financial statements of UAL, together with related notes, schedules and reports thereon of independent public accountants for the years 1992, 1993 and 1994, respectively (collectively, the "Financial Statements"), included in UAL's Annual Reports on Form 10-K and Quarterly Reports on

Form 10-Q ("Reports") for the years ended December 31, 1992, 1993 and 1994, respectively, all of which Reports previously have been delivered to the Trustee, present fairly (except as may be indicated in the notes thereto and subject to normal immaterial year-end audit adjustments in the case of any unaudited interim Financial Statements) the consolidated financial position and the consolidated results of operation of UAL and its consolidated Subsidiaries at the indicated dates and for the indicated periods. The Financial Statements have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved except as otherwise noted therein. UAL and its Subsidiaries considered as one enterprise have no material liabilities or obligations, contingent or otherwise, that are not fully disclosed in the Financial Statements or the Reports.

3.11 Except as disclosed on Schedule 3.11 hereto, since December 31, 1994, (i) there has been no event, and no state of circumstances has existed, that has had or will, or could reasonably be expected to, have a Material Adverse Effect, (ii) there has not been any material transaction entered into by UAL or any of its Subsidiaries, other than transactions in the ordinary course of business or other than the transactions contemplated in this Agreement or the Transaction, and (iii) except for regular dividends on shares of its outstanding common stock and preferred stock, there has been no dividend or distribution of any kind declared, paid or made by UAL on any class of its capital stock other than the distributions contemplated by the Transaction.

3.12 Except as set forth in Schedule 3.12, there is no action, suit or proceeding before or by any court or government or administrative agency or body, domestic or foreign, now pending or, to the best knowledge of UAL, threatened against or affecting UAL or any of its Subsidiaries, which might have a Material Adverse Effect.

3.13 UAL and its Subsidiaries hold all certificates, authorizations or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct the business now operated by them the absence of which, individually or in the aggregate, would have a Material Adverse Effect, and neither UAL nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect. UAL and its Subsidiaries are in compliance with all rules, laws and regulations related to the operation of the business of UAL and its Subsidiaries, except for instances of noncompliance which, individually or in the aggregate, would not have a Material Adverse Effect.

3.14 The Plan has been duly authorized by all corporate action and Part A constitutes an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Part B (that portion of the stock bonus plan which does not constitute an employee stock ownership plan) constitutes a stock bonus plan under the Code and the Plan will qualify under Section 401(a) of the Code taking into account amendments which may be reasonably requested by the Internal Revenue Service, but no representation or warranty is made as to the compliance of the Plan in operation under the referenced Code and ERISA sections; the Trust Agreement has been duly authorized by all necessary corporate action on the part of UAL; all contributions by UAL to the Plan and all dividends paid on the ESOP Preferred Stock which are used by the Trust to make the required principal and interest payments with respect to the ESOP Note will be deductible by UAL or its Subsidiaries for federal income tax purposes under Section 404 of the Code (as in effect on the date of the Closing), except to the extent there are insufficient "earnings and profits" under the Code for the dividends to be deductible; and the ESOP Preferred Stock constitutes "employer securities" within the meaning of Section 409(l) of the Code.

3.15 There is no investment banker, broker or finder which has been retained by or is authorized to act on behalf of UAL or any Subsidiary or, to the knowledge of UAL, any CRS Company who might be entitled to a fee or commission from UAL, either Union or any affiliate of either of them upon consummation of the transactions contemplated by this Agreement, based upon arrangements made by or on behalf of UAL. For the purposes of this Section 3.15, "CRS Company" and "Union" shall have the respective meanings assigned to such terms in the Recapitalization Agreement.

4. Representations and Warranties of the Trustee, as Trustee. The Trustee, in its capacity as such, represents and warrants as follows:

4.1 The Trustee (i) is a duly organized and validly existing trust company in good standing and with full authority to act as Trustee and exercise trust powers under the laws of the Commonwealth of Massachusetts and (ii) has full corporate power and authority to execute and deliver the Trust Agreement and to carry out the transactions contemplated thereby.

4.2 The execution, delivery and performance of this Agreement will not violate (i) the Trustee's Charter or By-laws, each as amended or restated to date, (ii) any provision of any indenture, mortgage, deed of trust, agreement, instrument, order, arbitration award, judgment or decree to which the Trustee or the Trust is a party or by which it or the Trust or any of their respective assets are bound, or (iii) any statute, rule or regulation applicable to the Trustee or the Trust of any court, bureau, board, agency or other governmental body having jurisdiction, which conflict, breach or default might have a material adverse effect.

4.3 This Agreement and the Trust Agreement have been duly executed and delivered by the Trustee on behalf of the Trust and, assuming due authorization, execution and delivery by UAL, each constitutes the legal, valid and binding obligation of the Trust enforceable against the Trustee in accordance with their respective terms, except as the enforceability thereof may be limited by the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors rights generally, ERISA and by general principles of equity (regardless of whether considered in a proceeding at law or in equity).

4.4 The Trustee is acquiring the shares on behalf of the Plan pursuant to the Trust Agreement and the Plan solely for investment purposes and not with a view toward, or for sale in connection with, any public distribution thereof; provided, however, nothing herein shall prohibit the Trustee from disposing of any or all of the Shares.

4.5 No authorization, approval or consent of any governmental authority or agency is necessary to be obtained by the Trustee or the Plan in connection with the purchase of the Shares by the Trustee on behalf of the Plan hereunder.

4.6 The Trustee, at the expense of UAL, has retained independent legal counsel knowledgeable in matters regarding ERISA and Code fiduciary responsibilities and has retained an independent financial advisor to advise the Trustee regarding the transactions contemplated by this Agreement.

4.7 The Trustee has not employed any broker, finder or agent, or agreed to pay or incurred any brokerage fee, finder's fee, commission or other similar form of compensation in connection with this Agreement or the transactions contemplated hereby.

4.8 Trustee has received an opinion of Houlihan, Lokey, Howard and Zukin, Inc., financial advisor to the Trustee, to the effect that (i) the Purchase Price is not greater than fair market value, (ii) the Transaction is fair to the Plan from a financial point of view, (iii) the conversion price with respect to the Shares is reasonable and (iv) the interest rate on the ESOP Note is not unreasonable.

5. Conditions to Closing.

5.1 Conditions to the Trustee's Obligations at Closing. The obligations of the Trustee hereunder are subject to the fulfillment at or before the Closing of each of the following conditions:

(a) The representations and warranties contained in Section 3 hereof shall be true on and as of the Closing Date and, the Trustee shall have been furnished with a certificate, dated the Closing Date, to such effect, signed by an authorized officer of UAL.

(b) The Trustee shall have received a cash contribution to the Plan at least equal to the Cash Amount.

(c) No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated by this Agreement, and no suit, action or other proceedings by any governmental body or other person shall have been instituted which questions the validity or legality of the transactions contemplated by this Agreement which suit, action or proceeding the Trustee reasonably determines, upon advice of counsel, is more likely than not to successfully challenge the validity or legality of the transactions contemplated by this Agreement or otherwise result in a Material Adverse Effect.

(d) Neither the Trustee nor UAL shall have determined in good faith that the purchase of the Shares would result in a

"prohibited transaction" under ERISA or otherwise violate the provisions of applicable law.

(e) The Trustee shall have received UAL's most recent annual report on form 10-K and any subsequently filed Quarterly Reports on Form 10-Q.

(f) The Trustee shall have received from Kirkpatrick & Lockhart, counsel to the Trustee, an opinion in substantially the form set forth in Schedule 5.1(f) hereto.

(g) The Trustee shall have received from Charles F. McErlean, Jr., acting general counsel of UAL, the opinion in substantially the form set forth in Schedule 5.1(g) hereto.

(h) The Trustee shall have received an opinion of its financial advisor, in substantially the form set forth in Schedule 5.1(h) hereto.

(i) The Trustee shall have made a good faith determination that the purchase of the Shares contemplated hereunder and the consummation of all other transactions contemplated by the Agreement are prudent and in the best interests of the Plan participants. In the event the Trustee is unable to consummate the purchase of the Shares described in Section 1 hereof at the Purchase Price by reason of the failure of one or more of the conditions set forth in Sections 5.1(d), (h) and (i) hereof, the Trustee agrees to negotiate in good faith with UAL in an attempt to arrive at a purchase price for the Shares at which the Trustee would consummate the purchase of Shares contemplated by this Agreement.

(j) UAL shall have certified to the Trustee that it has determined that it is reasonably likely to have sufficient earnings and profits such that dividends paid on the Class 1 ESOP Convertible Preferred Stock are reasonably likely to be deductible under Section 404 of the Code.

5.2 Conditions to UAL's Obligations at Closing. The obligations of UAL hereunder are subject to the fulfillment at or before the Closing of each of the following conditions:

(a) The representations and warranties contained in Section 4 hereof shall be true on and as of the Closing and, UAL shall have been furnished with a certificate dated the Closing Date to such effect, signed by an authorized officer of the Trustee.

(b) No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated by this Agreement, and no suit, action or other proceedings by any governmental body or other person shall have been instituted which questions the validity or legality of the transactions contemplated by this Agreement which suit, action or proceeding UAL reasonably determines, upon advice of counsel, is more likely than not to successfully challenge the validity or legality of the transactions contemplated by this Agreement or otherwise result in a Material Adverse Effect.

(c) Neither the Trustee nor UAL shall have determined in good faith that the purchase of the Shares would result in a "prohibited transaction" under ERISA or otherwise violate the provisions of applicable law.

(d) UAL shall have received an opinion of Kirkpatrick & Lockhart, counsel to the Trustee, in the form set forth in Schedule 5.2(d) hereto.

(e) The Trustee shall have delivered to UAL a certification that the conditions set forth in section 5.1(d) and section 5.1(i) have been satisfied.

6. Covenants of Trustee. The Trustee hereby covenants and agrees as follows:

(a) Except as otherwise provided in the ESOP, all cash contributions (including any earnings on such contributions) that are received by the Trust and cash dividends (including any earnings on such contributions) that are received by the Trust with respect to the Class 1 ESOP Convertible Preferred Stock or Common Stock issued upon conversion thereof will be, to the extent permitted by law, applied solely for the purpose of making principal and interest payments on the ESOP Note.

(b) The Trustee shall not transfer or otherwise dispose of any shares of Common Stock issued upon conversion of the Class 1 ESOP Convertible Preferred Stock unless such securities have been registered under the Securities Act of 1933, as amended, and any applicable state securities laws or pursuant to an exemption or exemptions from such registration.

(c) The Trustee agrees that UAL may (with the consent

of the Air Line Pilots Association, International and the International Association of Machinists and Aerospace Workers if and to the extent such consent is required by the Plan) extend the maturity of the ESOP Note for up to four (4) years, provided that the interest rate on the ESOP Note, as extended, is determined by the Trustee to be reasonable at the time of extension.

7. Covenants of UAL. UAL hereby covenants and agrees as follows:

(a) So long as any principal or interest amount of the ESOP Note or any note representing a refinancing of the ESOP Note remains unpaid, UAL shall use reasonable efforts to cause Part A of the Plan to maintain its qualification as an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code.

(b) So long as any principal or interest amount of the ESOP Note or any note representing a refinancing of the ESOP Note remains unpaid, UAL and its Subsidiaries shall make contributions to the Plan which, when combined with any dividends received by the Plan that can be used for the payment of such debt, are sufficient to allow the Trustee to make, in a timely fashion all scheduled principal and interest payments with respect to the ESOP Note or any note representing a refinancing of the ESOP Note; provided, however, that any contribution to the Plan shall be limited to the extent that such contribution would cause the aggregate contributions made by UAL and its Subsidiaries for the relevant Plan year to exceed the limitations set forth in Sections 404 or 415 of the Code. Any contributions limited or not made in a timely fashion pursuant to the preceding sentence shall be (i) carried over and paid to the Plan as soon as is practicable in connection with contributions to the Plan and (ii) increased by an amount sufficient for the Trustee to pay any increased interest or other costs arising under the ESOP Note from the failure to make any payment thereunder when due. The Trustee shall be entitled to reimbursement upon demand for reasonable attorney fees and other reasonable costs of collection in enforcing the provisions of this Section 7(b).

(c) Registration of the Common Stock. As and if required by applicable securities laws, UAL shall at all times maintain an effective registration statement under the Securities Act and timely comply with the reporting requirements under the Exchange Act with respect to the shares of Common Stock into which the Shares are convertible. The Trustee will provide UAL with any information about the Trustee or such proposed sale required to be included in such registration statement. The Trustee will, upon receipt of notice from UAL that any such registration statement includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make any statement therein not misleading, discontinue the distribution of Common Stock thereunder until such misstatement or omission is eliminated. The Trustee further agrees not to effect any public sale or distribution of Common Stock without the consent of UAL during the seven days prior to or ninety days after any registration statement relating to an underwritten sale of securities of UAL has become effective. UAL shall obtain any other federal, state or local approvals as may be necessary from time to time to enable the Trust to consummate any desired conversion or disposition of the shares of Common Stock into which the Shares are convertible.

8. Restrictive Legend. The Trustee understands that the certificates representing the Shares, when issued, will bear the following legend and that a notation restricting their transfer will be made on the stock transfer books of UAL:

"The shares of stock represented by this certificate have not been registered under the Securities Act of 1933, as amended. Such shares may not be sold, assigned, pledged or otherwise transferred in the absence of an effective registration statement under said Securities Act covering the transfer or an opinion of counsel satisfactory to the issuer that registration under said Securities Act is not required.

Notice

The shares of stock represented by this certificate are subject to a security interest in favor of UAL Corporation."

9. Expenses. Whether or not the transactions contemplated by this Agreement shall be consummated, UAL shall, as provided for in the applicable engagement letter between UAL and the Trustee (the "Engagement Letter"), pay the expenses incurred by the Trustee in connection with the authorization, preparation, negotiation, execution and performance of this Agreement and related transactions.

10. Integration; Amendment. This Agreement (including the documents delivered pursuant hereto), together with the Plan, Trust Agreement and Engagement Letter, constitutes the entire agreement and understanding between the parties hereto relating to the purchase of the 2,850,103 shares of ESOP Preferred Stock and supersedes any prior agreement or understanding relating in any way to the transaction contemplated hereby. This Agreement may be modified or amended only by a written instrument executed by or on behalf of the parties hereto. The headings and captions contained herein are solely for convenience of reference and do not constitute a part of this Agreement or affect in any way its meaning or construction.

11. Savings Clause. The invalidity, illegality or enforceability of any one or more of the provisions of this Agreement shall in no way affect or impair the validity and enforceability of the remaining provisions hereof. In the event any such provision shall be so declared unenforceable due to its scope or breadth, it shall be narrowed to the scope or breadth permitted by law.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. It shall not be necessary that any single counterpart hereof be executed by all parties so long as each party executed at least one counterpart.

13. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of Illinois without regard to any principles of conflicts of law.

14. Survival of Representations, Warranties and Covenants. All covenants contained in this Agreement (including in any certificates delivered hereunder) shall survive the Closing or, in the case of Section 9, Section 13 and Section 14 hereof, the sooner termination of this Agreement. Notwithstanding the Closing, or the sooner termination of this Agreement or any investigation at any time made by or on behalf of either party, UAL or the Trustee shall be liable for damages arising from its breaches of representations or warranties under this Agreement (including in any certificates delivered hereunder) which breaches shall not be considered waived by consummation of the transactions contemplated hereby, provided, however, that UAL and the Trustee shall be liable only to the extent that notice therefor is asserted by the other in writing and delivered prior to the expiration of forty-two (42) months from the Closing or sooner termination of this Agreement.

15. Notices. Any notice or other communication required or permitted hereunder shall be in writing, either delivered by hand, by mail, or by telex, telefax or telegram (charges prepaid), and any such notice shall be effective when received at the address specified below (or, if by mail, three business days after deposited in the U.S. mails, registered or certified mail, postage prepaid and return receipt requested):

By Mail

If to UAL: UAL Corporation
P.O. Box #66919
Chicago, IL 60666
Attn: Corporate Secretary

By Courier

UAL Corporation
1200 Algonquin Road
Elk Grove Township, IL 60007
Attn: Corporate Secretary

If to the Trustee: State Street Bank and Trust Company
Retirement Investment Services
Batterymarch Park III
Three Pine Hill Drive
Quincy, MA 02169
Attn: UAL ESOP Administration

With a copy to: Kirkpatrick & Lockhart
1500 Oliver Building
Pittsburgh, PA 15222
Attn: Charles R. Smith, Esquire

Addresses may be changed by written notice given pursuant to this Section. Any notice given hereunder may be given on behalf of any party by his counsel or other authorized representatives.

16. Successors and Assigns; Assignability. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto, and their respective legal representatives, successors and assigns. This Agreement (i)

shall not confer upon any person other than the parties hereto and their respective successors and assigns any rights or remedies hereunder and (ii) shall not be assignable by operation of law or otherwise by any party hereto.

17. Further Assurances. Subject to the terms and conditions herein provided, each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

18. Certain Limitations. The execution and delivery of this Agreement and the performance by the Trustee of this Agreement have been, or will be, effected by the Trustee solely in its capacity as Trustee and not individually.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereof have duly executed and delivered this Agreement as of the date first above written.

UAL CORPORATION

By: /s/ Douglas A. Hacker
Name: Douglas A. Hacker
Title: Senior Vice President and
Chief Financial Officer

State Street Bank and Trust Company,
solely in its capacity as Trustee
under the UAL Corporation Employee
Stock Ownership Plan Trust and not
individually

By: /s/ Kelly Q. Driscoll
Name: Kelly Q. Driscoll
Title: Vice President

SECOND AMENDMENT TO FIRST REFUSAL AGREEMENT

THIS SECOND AMENDMENT, dated as of February 29, 1996 (the "Amendment"), amends the First Refusal Agreement, dated as of July 12, 1994 (as previously amended, the "First Refusal Agreement"), among UAL Corporation (the "Company"), The Air Line Pilots Association, International ("ALPA"), The International Association of Machinists and Aerospace Workers ("IAM") and the Salaried/Management Employee Director (as defined in Article FIFTH, Section 1.66 of the Restated Certificate of Incorporation of the Company (the "Restated Certificate")) on behalf of the salaried and management employees of United Air Lines, Inc. who are not represented by any collective bargaining organization (the "SAM"; together with ALPA and IAM, the "Employee Groups").

WHEREAS, the Company and the Employee Groups entered into the First Refusal Agreement in order to effectuate the terms and intent of the Amended and Restated Agreement and Plan of Recapitalization, dated as of March 25, 1994 (as previously amended, the "Recapitalization Agreement"), among the Company, ALPA and IAM, and the Restated Certificate with respect to, among other things, the Company's grant of a right of first refusal to the Employee Groups in connection with certain Non-Dilutive Issuances (as defined in Article FIFTH, Subsection 3.4(b)(vii) of the Restated Certificate);

WHEREAS, the First Refusal Agreement provides that the issuance of Equity Securities (as defined in Article FIFTH, Section 1.37 of the Restated Certificate) pursuant to a transaction which would constitute an "Other Extraordinary Matter" pursuant to Article FIFTH, Section 3.4(b) of the Restated Certificate constitutes a Proposed Equity Issuance under the First Refusal Agreement and is subject to the right of first refusal of the Employee Groups;

WHEREAS, the Company proposes to issue Equity Securities in connection with a four-for-one stock split in the form of a stock dividend of Common Stock, \$.01 par value (the "Common Stock"), of the Company to holders of record of Common Stock on a record date to be set by the Board of Directors of the Company at the February 29, 1996 meeting of the Board (the "Stock Split"); and

WHEREAS, the Company and the Employee Groups desire to amend the First Refusal Agreement in certain respects as hereinafter set forth so that the issuance of Equity Securities in connection with the Stock Split is not subject to the right of first refusal of the Employee Groups under the First Refusal Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Amendments.

A. The first sentence of Section 1.A of the First Refusal Agreement is amended to read as follows:

If, during the term of this Agreement, the Company proposes to issue Equity Securities (as defined in Article FIFTH, Section 1.37 of the Restated Certificate) pursuant to a transaction which would constitute an Other Extraordinary Matter pursuant to Article FIFTH, Section 3.4(b) of the Restated Certificate or would not constitute an Other Extraordinary Matter pursuant to Article FIFTH, Section 3.4(b)(vii)(A) or (B) of the Restated Certificate (a "Proposed Equity Issuance"), the Company, prior to making such Proposed Equity Issuance, shall provide each of the Employee Groups with a written statement of the specific terms of such Proposed Equity Issuance (the "Proposed Sale Notice"); provided, however, that the issuance of Equity Securities in exchange for the Series A Convertible Preferred Stock, without par value (the "Series A Preferred Stock") of the Company, or upon the conversion of any Equity Security so issued in exchange, shall not constitute a Proposed Equity Issuance; provided, further, that the issuance of Equity Securities in the four-for-one stock split in the form of a stock dividend of Common Stock, \$.01 par value ("Common Stock"), on or with respect to the Common Stock of the Company, and approved at the February 29, 1996 meeting of the Board of Directors of the Company (the "Stock Split"), shall not

constitute a Proposed Equity Issuance.

B. Section 1.G of the First Refusal Agreement is amended by deleting the word "or" before clause (b) therein and adding the following immediately before the end thereof:

, or (c) in connection with the Stock Split.

2. Continuing Effectiveness, etc. As herein amended, the First Refusal Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the date hereof, all references in the First Refusal Agreement, the Recapitalization Agreement, the Restated Charter or any other document to "First Refusal Agreement" or "Agreement" or similar terms shall refer to the First Refusal Agreement as amended hereby.

3. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.

4. Governing Law. This Amendment shall be construed in accordance with and governed by the laws of the State of Delaware without regard to the conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

UAL CORPORATION

By: /s/ John A. Edwardson
Name: John A. Edwardson
Title: President and Chief
Operating Officer

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

By: /s/ Michael H. Glawe
Name: Michael H. Glawe
Title: Chairman, UAL-MEC

INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS

By: /s/ William L. Scheri
Name: William L. Scheri
Title: General Vice President

/s/ Joseph V. Vittoria
Joseph V. Vittoria
Salaried/Management Employee
Director (not personally but as
representative of the
Salaried/Management Employees)

As Amended
February 29, 1996

UAL CORPORATION

1981 INCENTIVE STOCK PLAN

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

2. Administration. The Plan shall be administered by a stock option committee (the "Committee") of not less than three Directors of the Company who shall be appointed from time to time by the Board of Directors of the Company; provided, however, that no Director, who within one year prior thereto was eligible to participate in the Plan, shall be appointed as a member of the Committee. No member of the Committee shall be eligible, while a member of the Committee, to receive a Benefit under the Plan. The Committee is authorized to interpret the provisions of the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and conditions of Benefits to be granted under the Plan and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to or inconsistent with the express provisions of the Plan.

3. Participants. The Plan shall be administered by the Compensation Administration Committee of the Board of Directors of the Company for all grants to (I) any "officer" as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended, or (II) any "covered employee" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and by the Compensation Committee of the Board of Directors of the Company for all other grants (such committee, as applicable, herein called the "Committee"). The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Benefits, including without limitation (i) the financial condition of the Company; (ii) anticipated profits for the current or future years; (iii) contributions of participants to the profitability and development of the Company; and (iv) other compensation provided to participants.

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

5. Shares Reserved under the Plan. There is hereby reserved for issuance under the Plan an aggregate of 1,200,000 shares of Common Stock, which may be newly issued or treasury shares. (1) All of such shares may, but need not be issued pursuant to the exercise of Incentive Stock Options. If there is a lapse, expiration, termination or cancellation of any Benefit granted hereunder without the issuance of shares or payments of cash thereunder, or if shares are issued under any Benefit and thereafter are reacquired by the Company pursuant to rights reserved upon the issuance thereof, the shares subject to or reserved for such Benefit may again be used for new options or rights under this Plan; provided, however, that in no event may the number of shares issued under this Plan exceed the total number of shares reserved for issuance hereunder. Subject to Section 14(a), in no event may the aggregate number of shares of Common Stock with respect to which options or Stock Appreciation Rights are granted to any individual exceed 125,000 in any period of two calendar years, provided, however, that grants made to any new employee as a condition of employment may not exceed two times such biennial limit during the first two years of employment.

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

6. Incentive Stock Options. Incentive Stock Options will consist of options to purchase shares of Common Stock at purchase prices not less than one hundred percent (100%) of the fair market value of such shares on the date of grant. Incentive

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

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

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

- (a) A Stock Appreciation Right may be granted with respect to a Non-qualified Stock Option at the time of its grant or at any time thereafter up to six (6) months prior to its expiration.
- (b) Each Stock Appreciation Right will entitle the holder to elect to receive up to 100% of the appreciation in fair market value of the shares subject thereto up to the date the right is exercised. In the case of a Stock Appreciation Right issued in relation to a Non-qualified Stock Option, such appreciation shall be measured from the option price. In the case of a Stock Appreciation Right issued independently of any stock option, the appreciation shall be measured from not less than the fair market value of the Common Stock on the date the right is granted.
- (c) The Committee shall have the discretion to satisfy a participant's right to receive the amount of cash determined under subparagraph (b) hereof, in whole or in part, by the delivery of shares of Common Stock valued as of the date of the participant's election.
- (d) In the event of the exercise of a Stock Appreciation Right, the number of shares reserved for issuance hereunder (and the shares subject to the related option, if any) shall be reduced by the number of shares with respect to which the right is exercised.

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

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

employment in addition to those specifically provided for under the Plan.

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

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

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

14. Adjustment Provisions.

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

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

As Amended
February 29, 1996

UAL CORPORATION

1988 RESTRICTED STOCK PLAN

1. Purpose.

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

2. Definitions.

(a) "Company" shall mean UAL Corporation.

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

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

(d) "Committee" shall mean, as applicable, the Compensation Administration Committee of the Board of Directors of the Company for all grants to (I) any "officer" as such term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended, or (II) any "covered employee" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and the Compensation Committee of the Board of Directors of the Company for all other grants.

(e) "Plan" shall mean the UAL Corporation 1988 Restricted Stock Plan.

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

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

(h) "Change in Control" shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities (such percentage ownership to be determined in the manner provided in Rule 13d-3(d)(1)(i) under the Exchange Act); or (B) during any period of two consecutive years or portion thereof not including any period prior to July 1, 1993, individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (A) or (C) of this Subsection) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (C) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation (or similar transaction), other than a merger or consolidation (or similar transaction) which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger, consolidation or similar transaction (either alone or in combination with new or additional voting securities held by management of the Company and its subsidiaries) or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the

Company's assets. For purposes of (I) clause (A) of the preceding sentence, beneficial ownership of securities of United Air Lines, Inc. ("United") representing 25% or more of the combined voting power of United's then outstanding securities shall be deemed to constitute such beneficial ownership of the Company and (II) clause (C) of the preceding sentence, the approval by the shareholders of United of a plan of complete liquidation of United or an agreement for the sale or disposition by United of all or substantially all of United's assets shall be deemed to constitute approval by the shareholders of the Company of such events in respect of the Company.

3. Restricted Shares Available Under the Plan.

(a) An aggregate of five hundred thousand (500,000) shares of Common Stock, par value \$5 per share, will be available for allocation under the Plan. (1) Such shares, which shall be treasury shares of such Common Stock, shall be credited to a Restricted Share reserve. (2) Upon the allocation of shares hereunder, said reserve shall be reduced by the number of shares so allocated. Upon the failure of a Recipient to complete on a timely basis all of the requirements of Section 6 in connection with the allocation of any Restricted Shares or upon the forfeiture of any Restricted Shares pursuant to Section 7(d) or Section 9, the Restricted Share reserve shall be increased by such number of shares, and such Restricted Shares may again be the subject of allocations hereunder.

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

(1) Pursuant to the recapitalization of the Company on July 12, 1994, each share of old Common Stock, par value \$5 per share, was reclassified and converted into, among other things, 1/2 of a share of new Common Stock, par value \$.01 per share.

(2) The Restricted Share reserve of old Common Stock immediately prior to the Effective Time (as defined in the Agreement and Plan of Recapitalization of the Company and which occurred on July 12, 1994) shall continue to constitute such Restricted Share reserve of new Common Stock as of the Effective Time. Such reserve is equal to 142,500 shares of new Common Stock as of the Effective Time.

4. Eligibility and Making of Allocations.

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

(b) The Committee shall from time to time select those employees who will receive allocations and determine the number of Restricted Shares subject to each such allocation. Subject to Section 3(b) above, in no event may the aggregate number of Restricted Shares allocated to any individual exceed 30,000 in any period of two calendar years, provided, however, that allocations made to any new employee as a condition of employment may not exceed two times such biennial limit during the first two years of employment.

5. Form of Allocations.

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

(b) The Company shall take such action as shall be necessary to cause any Restricted Shares not previously so listed to be listed on the New York Stock Exchange and/or such other exchange or exchanges on which shares of the same class as the Restricted Shares are then listed.

6. Actions Required of Recipients.

(a) Within 30 days of an allocation of Restricted Shares, the Recipient shall deliver to the Company an agreement in writing, signed by such Recipient, in form and substance as prescribed by the Committee, together with a stock power, duly endorsed in blank, relating to such Restricted Shares. The Company may require that the Recipient represent to the Company in such agreement that such Recipient is acquiring such Restricted Shares for the purpose of investment and with no present intention to transfer, sell or otherwise dispose of such

shares, except such distribution by a legal representative as shall be required by will or the laws of descent and distribution of any jurisdiction in administering the estate of any Recipient. In the event the Company requires such a representation in connection with an acquisition of Restricted Shares hereunder, such shares shall be transferable only if (i) the proposed transfer shall be permissible pursuant to the Plan and (ii) the Company shall determine at the time of the lapse of the restrictions thereon pursuant to Section 7(c) or at any time thereafter (based upon an opinion of counsel satisfactory to the Company, if the Company shall so require) that such a transfer would comply with applicable securities laws.

(b) The date on which such agreement and stock power are received by the Company shall be deemed the "Date of Transfer" of the Restricted Shares. The failure of a Recipient to deliver such agreement and stock power within 30 days from the date of an allocation of shares shall terminate such allocation to the Recipient.

7. Restrictions.

(a) On or promptly after the Date of Transfer of Restricted Shares, a certificate or certificates representing such shares shall be prepared in the Recipient's name. The Recipient shall thereupon be a stockholder with respect to all the shares represented by such certificate or certificates and shall have all the rights of a stockholder with respect to all such shares, including the right to vote such shares and to receive all dividends and other distributions (subject to the provisions of Section 7(b)) paid with respect to such shares, provided, however, that such shares shall be subject to the restrictions hereinafter described in Section 7(d). Certificates of stock representing Restricted Shares shall be imprinted with a legend to the effect that the shares represented thereby may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with the terms of the Plan, and each transfer agent for the Common Stock shall be instructed to the same effect in respect of such shares. In aid of such restrictions, during the Restricted Period with respect to the Restricted Shares represented by such a certificate, such certificate, together with the stock power described in Section 6(a), shall remain in the physical custody of the Company.

(b) In the event that, as the result of an event giving rise to an adjustment described in Section 3(b), the Recipient shall, as the owner of Restricted Shares, receive new or additional or different shares of stock or securities, the certificate or certificates for, or other evidences of, such new or additional or different shares or securities shall also be imprinted with a legend as provided in Section 7(a) and, together with a stock power duly endorsed in blank by the Recipient, shall remain in the physical custody of the Company, and all provisions of the Plan relating to restrictions and lapse of restrictions shall thereupon be applicable to such new or additional or different shares or securities; provided, however, that if the Recipient shall receive rights, warrants or fractional interests in respect of any of such Restricted Shares, such rights or warrants may be held, exercised, sold or otherwise disposed of, and such fractional interests may be settled, by the Recipient, without regard to such restrictions.

(c) The term "Restricted Period" with respect to Restricted Shares shall mean a period commencing on the Date of Transfer of such shares and ending ten (10) years after such Date of Transfer or, if sooner, upon the first to occur of any of the following:

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

(ii) a Change in Control;

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

Notwithstanding the foregoing provision of this Section 7(c), the Committee may provide with respect to any allocation of Restricted Shares that the "Restricted Period" with respect to such Restricted Shares shall lapse based upon the attainment by the Company of one or more target levels of pre-tax income (as determined under generally accepted accounting principles but without regard to any items (whether gains or losses) otherwise included therein relating to (1) the UAL Corporation Employee Stock Ownership Plan, the UAL Corporation Supplemental ESOP, or the trusts relating thereto, (2) any event or occurrence that the

Committee determines to be either not directly related to the operations of the Company or not within the reasonable control of the Company's management, (3) the Plan and (4) the Company's Incentive Compensation Plan). Such target level(s) shall be determined by the Committee on or before the allocation of such Restricted Shares, shall relate to such period or periods of time as the Committee shall prescribe and may provide that any period in which such pre-tax income is less than zero may be disregarded.

(d) During the Restricted Period applicable to any Restricted Shares and except as otherwise specifically provided in the Plan, none of such Restricted Shares may be sold, assigned, exchanged, transferred, pledged, hypothecated or otherwise disposed of or encumbered. If a Recipient ceases to be an employee of the Company or any Subsidiary for any reason, all of such Recipient's Restricted Shares which at such time remain subject to the restrictions imposed hereunder shall be forfeited and returned to the Company, unless and to the extent the Committee determines to end the Restricted Period with respect to any such Restricted Shares pursuant to Section 7(c)(iii).

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

8. Administration.

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

9. Limitations.

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

(b) Recipients of allocations shall have no rights in respect thereof except as set forth in the Plan. Except as provided in Section 6(a), in the event that any attempt shall be made to sell, assign, transfer, pledge, hypothecate or otherwise dispose of or encumber any Restricted Shares which are then subject to restrictions hereunder, the shares which are the subject of such attempted disposition shall be deemed forfeited and shall be returned to the Company. No Recipient shall have any rights as a stockholder with respect to any shares reserved for allocation hereunder nor shall any such shares be earmarked for any Recipient prior to the Date of Transfer of such shares.

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

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

The Board may amend, suspend or terminate the Plan in whole or in part at any time, provided that such amendment, suspension or termination shall not, without a Recipient's consent, affect adversely such Recipient's rights with respect to allocations of Restricted Shares theretofore made; and provided, further, that no modification of the Plan by the Board without approval of the stockholders of the Company shall (i) increase the maximum number of Restricted Shares available for allocation under the Plan pursuant to Section 3 of the Plan or (ii) render any member of the Committee eligible to receive an allocation of Restricted Shares at any time while such member is serving on the Committee.

11. Withholding.

The Company shall be entitled to withhold the amount of taxes which the Company deems necessary to satisfy any applicable federal, state and local tax withholding obligations arising from allocations of or the lapse of restrictions on Restricted Shares under the Plan, or to make other appropriate arrangements with Recipients to satisfy such obligations. At the discretion of the Committee, the Company may deduct or withhold from any transfer

or payment to a Recipient, or may receive payment from a Recipient, in the form of cash or other property, including shares of Common Stock of the Company.

12. Effective Date and Term of Plan.

(a) The Plan was adopted by the Board on March 31, 1988, subject to approval of the Plan by the shareholders of the Company within twelve (12) months after its adoption by the Board. If the Plan is not so approved, the Plan shall be ineffective. No Restricted Shares may be allocated to a Recipient under the Plan unless and until such shareholders have so approved the Plan.

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

Description Of Complimentary Travel
And Cargo Carriage Benefits For UAL Directors

Flight and Cargo Benefits - Director and Spouse

Each director and spouse are entitled to complimentary, positive space travel on United Airlines for pleasure or UAL business travel. Each child of a director under 25 and a dependent of the director is also eligible for complimentary, positive space travel on United. The director and spouse are also entitled to use of the Red Carpet Rooms of United Airlines. Each UAL director and spouse and eligible dependents are also entitled to complimentary cargo carriage (excludes ground transportation) on United Airlines of up to 2,500 pounds per director per year for personal goods only (not business related). The goods will be shipped as general freight.

Flight and Cargo Benefits - Director Emeriti

Each UAL Director Emeritus is afforded the same flight and cargo benefits as are provided to current directors. From and after a Change in Control (as defined in the UAL Corporation Retirement Plan for Outside Directors), the travel benefit for Directors Emeriti immediately prior to the Change in Control (including non-employee directors who are directors immediately prior to the change in control) or, if more favorable, for the directors or the Chairman or President of UAL from time to time, is fixed as the travel benefit in effect for Directors Emeriti from and after such Change in Control.

Tax Consequences

Each director and each Director Emeritus is paid cash in an amount designed as reimbursement for federal and state income tax liability on the value of the above benefits.

Officer Benefits
UAL Corporation and United Air Lines, Inc.

Welfare Benefits

Each officer of United and UAL is eligible to receive "split-dollar" life insurance and 24-hour all-risk accidental death and dismemberment ("AD&D") insurance. Under the split-dollar program, officers receive whole life coverage equal to approximately three times base salary less \$50,000. UAL and United pay the entire premium, partly with cash and partly with loans against the policy's cash value. UAL and United recover their cash payments from the cash value of the policy. The AD&D insurance pays a \$250,000 benefit upon the accidental death or dismemberment of the insured.

Officers are covered by a self-insured supplemental long term disability plan which provides a supplement to the Company's disability benefit for certain management employees equal to 50% of monthly pay in excess of \$20,000.

Company Cars

Designated senior officers are entitled to the personal use of cars owned or leased by United.

Club Memberships

United pays the cost of social club memberships of designated senior officers only upon approval by the Chairman and Chief Executive Officer.

Travel Benefits

Free travel is provided on United for active and retired officers of UAL and United and their spouses and dependent children, and payments are made to federal and state tax authorities with respect to the imputed tax liability on up to \$12,000 in value of travel benefits for active officers, and up to \$6,000 for retired officers. This benefit also includes admission to United's Red Carpet Club. Active officers who are also directors of UAL receive the benefits provided to active directors.

Financial Advisory Services

Each officer of UAL and United at the Senior Vice President level and above are entitled to receive reimbursement for costs incurred for professional financial counseling in the areas of cash management, taxes, investments, insurance and estate planning. Reimbursement is limited to \$7,000 in the first year the officer is admitted to the program, and to \$4,000 per year thereafter. Unused reimbursements may be carried over and used in succeeding years.

CHANGE ORDER NO. 7
DATED SEPTEMBER 19, 1995
TO
PURCHASE AGREEMENT NO. 1663
BETWEEN
THE BOEING COMPANY
AND
UNITED AIR LINES, INC.

Purchase Agreement No. 1663 between The Boeing Company and United Air Lines, Inc. is hereby further amended as follows:

I. Effect of Changes on Exhibit A (Detail Specification).

The attached Weight and Price Tabulation, including the effects of the changes listed, are hereby deemed incorporated into the Detail Specification.

II. Effect of Changes on the Purchase Agreement Except Exhibit A).

The effects of the foregoing changes, except Rapid Revisions, are as follows:

A. Delivery Schedule

There is no change to the Aircraft delivery schedule as set forth in Article 2.1 of the Agreement on account of the attached changes.

B. Aircraft Price.

The Basic Price of each affected 777-222 Aircraft as set forth in Article 3 of the Agreement is adjusted on account of the foregoing changes as follows:

Contract Block No. Price (1990 \$ STE)

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

SIGNED as of the day and year first above written.

THE BOEING COMPANY

By /s/ R. C. Nelson
Title Attorney-In-Fact

UNITED AIR LINES, INC.

By /s/ Douglas A. Hacker
Title Senior Vice President and
Chief Financial Officer

Post Contract Change Requests

Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	(1990 \$s STE)
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None

Master Changes

Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	(1990 \$s STE)
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Enclosure B to B-S210-9531858
Page 2 of 5

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Enclosure B to B-S210-9531858
Page 3 of 5

Miscellaneous Changes

Change Number	Change Title	Engineering Tab Block	MEW	OEW	Change Price	(1990 \$s STE)
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Enclosure B to B-S210-9531858
Page 4 of 5

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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Enclosure B to B-S210-9531858
Page 5 of 5

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Total Weight and PRICE Change

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

CHANGE ORDER NO. 8

DATED OCTOBER 17, 1995

TO

PURCHASE AGREEMENT NO. 1663

BETWEEN

THE BOEING COMPANY

AND

UNITED AIR LINES, INC.

Purchase Agreement No. 1663, between The Boeing Company and United Air Lines, Inc. is hereby further amended as follows:

I. Effect of Changes on Exhibit A (Detail Specifications).

The attached Weight and Price Tabulation, including the effects of the changes listed, are hereby deemed incorporated into the Detail Specifications.

II. Effect of Changes on the Purchase Agreement (Except Exhibit A).

The effects of the foregoing changes, except Rapid Revision, are as follows:

A. Delivery Schedule.

There is no change to the Aircraft delivery schedule as set forth in Article 2.1 of the Agreement on account of the attached changes.

Change Order No. 8 to
Purchase Agreement No. 1663
Page 2

B. Aircraft Price.

The Basic Price of each affected 777-222 Aircraft as set forth in Article 3 of the Agreement is adjusted on account of the foregoing changes as follows:

Contract Block No. Price (1990 \$ STE)

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

SIGNED as of the day and year first above written.

THE BOEING COMPANY

By /s/ R.C. Nelson

Title Attorney-in-Fact

UNITED AIR LINES, INC.

By /s/ Douglas A. Hacker

Title Senior Vice President and
Chief Financial Officer

Attachment to Change Order No. 8
to Purchase Agreement No. 1663
Page 1 of 3

WEIGHT AND PRICE TABULATION
Model 777-222 IGW

Post Contract Change Requests

Change Number Change Title Engineering MEW OEW Change
(Equivalent 777-222 Tab Block Price (1990

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Attachment to Change Order No. 8
to Purchase Agreement No. 1663
Page 2 of 3

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Master Changes - Price Adjustments

Change Number	Change Title	Engineering	MEW	OEW	Change
(Equivalent 777-222		Tab Block			Price (1990
Change)					\$s STE)

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Attachment to Change Order No. 8
to Purchase Agreement No. 1663
Page 3 of 3

Miscellaneous Changes

Change Number	Change Title	Engineering	MEW	OEW	Change
(Equivalent 777-222		Tab Block			Price (1990
Change)					\$s STE)

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rapid Revisions

Change Number	Change Title	Engineering	MEW	OEW	Change
(Equivalent 777-222		Tab Block			Price (1990
Change)					\$s STE)

TOTAL WEIGHT AND PRICE CHANGE				
Engineering	Tab Block	MEW	OEW	1990 \$ STE

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Note: Rapid Revisions are included in this Change Order only for the purpose of documenting the Aircraft configuration. The Price of Rapid Revisions will be accounted for on the Aircraft invoice at time of delivery.

Supplemental Agreement No. 3

to

Purchase Agreement No. 1663

between

The Boeing Company

and

UNITED AIR LINES, INC.

Relating to Boeing Model 777-222 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of the 27th day of October, 1995, by and between THE BOEING COMPANY, a Delaware corporation (hereinafter called Boeing), and UNITED AIR LINES, INC., a Delaware corporation, (hereinafter called Buyer);

W I T N E S S E T H:

WHEREAS, the parties hereto entered into an agreement dated as of December 18, 1990, relating to Boeing Model 777-222 aircraft (hereinafter referred to as the "Aircraft"), which agreement, as amended, together with all exhibits and specifications attached thereto and made a part thereof which is hereinafter called the "Purchase Agreement" and:

WHEREAS, Buyer wishes to convert certain "A" Market Aircraft to "B" Market Aircraft;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree to supplement the Purchase Agreement as follows:

1. Article 1, "Subject Matter of Sale", is hereby deleted in its entirety and replaced with new Article 1, which is Attachment No. 1 hereto.

P.A. No. 1663

S3-1

2. Article 2, "Delivery of Aircraft; Title and Risk of Loss", is hereby deleted in its entirety and replaced with a new Article 2 which is Attachment No. 2 hereto.

3. Article 3, "Basic Price", is hereby deleted in its entirety and replaced with a new Article 3 which is Attachment 3 hereto.

4. Article 5, "Payment", is hereby deleted in its entirety and replaced with a new Article 5 which is Attachment No. 4 hereto.

5. Article 8, "Federal Aviation Administration Requirements", is hereby deleted in its entirety and replaced with a new Article 8 which is attachment No. 12 hereto.

6. Article 9, "Demonstration Flights and Test Data", is hereby deleted in its entirety and replaced with a new article 9 which is Attachment No. 13 hereto.

7. In paragraph no. 1 of Part J to Exhibit B of the Purchase Agreement, Boeing agrees to provide Document No. M6-TBD, "Supplier Component Reliability (MTBF/MTBUR) Program Model 777 Airplanes"; prior to delivery of the first Model 777 Aircraft. Boeing hereby agrees to provide such document prior to delivery of the first 777 "A" Market Aircraft and also prior to delivery of the first 777 "B" Market Aircraft. Such document delivered for the 777 "B" Market Aircraft will contain only these systems in the "B" Market Aircraft that have differences in components, parts, software, of interfaces from the "A" Market Aircraft that relate to form, fit, function, interchangeability, reliability, or maintainability of such components, parts, software or interfaces.

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

10. Exhibit A to the Purchase Agreement is hereby deleted in its entirety and replaced with two new Exhibits A-1 and A-2, which are

Attachments Nos. 5 and 6 respectively hereto.

11. Exhibit C to the Purchase Agreement is hereby deemed to apply exclusively to the 777 "A" Market Aircraft. A new Exhibit C-1 which applies exclusively to the 777 "B" Market Aircraft is hereby incorporated into the Purchase Agreement and is Attachment No. 14 hereto.

12. In Letter Agreement No. 6-1162-DLJ-829, the "Performance Guarantees", is a defined term referring to the Performance Guarantees attached to Letter Agreement No. 6-1162-DLJ-846. Henceforth, the Performance Guarantee referred to in Letter Agreement No. 6-1162-DLJ-829 for the "A" Market Aircraft will be those attached to Letter Agreement no. 6-1162-DLJ-1193 and for the "B" market Aircraft will be those attached to Letter Agreement No. 6-1162-RCN-925.

13. Letter Agreement No. 1162-DLJ-836, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] paragraph No. 1 applies exclusively to the "A" Market Aircraft.

14. Letter Agreement No. 6-1162-DLJ-848, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] paragraph Nos. 2, 3, 11, and 14 apply exclusively to the "A" Market Aircraft. Paragraph No. 1 applies to the "B" Market Aircraft only if there is a significant configuration change from the "A" Market (such as a crew rest). [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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15. The following Letter Agreements apply exclusively to the "A" Market Aircraft:

6-1162-DLJ-846	-	Performance Guarantees
6-1162-DLJ-1193	-	Performance Guarantees
6-1162-DLJ-935	-	[*CONFIDENTIAL MATERIAL OMITTED AND
6-1162-DLJ-947	-	FILED SEPARATELY WITH THE SECURITIES
6-1162-DLJ-948	-	AND EXCHANGE COMMISSION PURSUANT TO
6-1162-DLJ-955	-	A REQUEST FOR CONFIDENTIAL
1663-5	-	TREATMENT]

16. Letter Agreement No. 6-1162-DLJ-837, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], is hereby deleted in its entirety and replaced with a new Letter Agreement 6-1162-RCN-859, which is Attachment No. 7 hereto.

17. In order to add the "B" Market Aircraft engine price to the airframe escalation exhibit, Exhibit D to the Purchase Agreement is hereby deleted in its entirety and replaced with a new Exhibit D which is Attachment No. 8 hereto.

18. A new Letter Agreement No. 6-1162-RCN-925, ""B" Market Aircraft Performance Guarantees" which contains the Performance Guarantees for the "B" Market Aircraft is hereby incorporated into the Purchase Agreement and Attachment No. 9 hereto.

19. A new Letter Agreement No. 6-1162-RCN-851, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] which addresses certain Buyer's "B" Market Aircraft to be used in the [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is hereby incorporated into the Purchase Agreement and is Attachment No. 10 hereto.

20. Letter agreement No. 6-1162-DLJ-835, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is hereby deleted in its entirety and replaced with a new Letter Agreement No. 6-1162-RCN-866 which is Attachment No. 11 hereto.

21. A new Letter Agreement No. 1663-5A [*CONFIDENTIAL MATERIAL

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OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is hereby incorporated into the Purchase Agreement and is Attachment No. 15 hereto.

22. A new Letter Agreement No. 6-1162-RCN-962 [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is hereby incorporated into the Purchase Agreement and is Attachment No. 17 hereto.

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

24. The parties agree that for any provision in the Purchase Agreement which is applicable to the "B" Market Aircraft and contains a reference to Part E of Exhibit C; such reference shall be deemed to be Part E of Exhibit C-1.

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

26. This Supplemental Agreement, including all of the Attachments, will be treated as privileged and confidential information pursuant to the terms of Letter Agreement No. 6-1162-DLJ-832.

The Purchase Agreement shall be deemed to be supplemented to the extent herein provided and as so supplemented shall continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY

UNITED AIR LINES

By: /s/ R.C. Nelson
Its: Attorney-in-Fact

By: /s/ Douglas A. Hacker
Its: Senior Vice President and
Chief Financial Officer

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ARTICLE 1. Subject Matter of Sale.

1.1.1 "A" Market Aircraft Description". Boeing shall sell and deliver to Buyer, and Buyer shall purchase from Boeing, sixteen (16) Boeing Model 777-222 "A" Market Aircraft. Such aircraft are referred to individually and collectively as the "Aircraft" or "AIRCRAFT" or "the "A" Market Aircraft". The Aircraft will be manufactured by Boeing in accordance with Boeing Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] (as modified and describe in Exhibit A-1 attached hereto) as it may be modified from time to time in accordance with the terms and conditions of Article 7 herein. Such Detail Specification as so modified is by this reference incorporated in this Agreement and is hereinafter referred to as the "Detail Specification" or "the "A" Market Detail Specification." In connection with the sale and purchase of the Aircraft, Boeing shall also deliver to Buyer other things under this Agreement including data, documents, training and services.

1.1.2 "B" Market Aircraft Description". Boeing shall sell and deliver to Buyer, the Buyer shall purchase from Boeing, eighteen (18) Boeing Model 777-222 "B" Market Aircraft. Such aircraft are referred to individually and collectively as the "Aircraft" or "AIRCRAFT" or "the "B" Market Aircraft". The Aircraft will be manufactured by Boeing in accordance with Boeing Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] (as modified and described in Exhibit A-2 attached hereto) as it may be modified from time to time in accordance with the terms and conditions with Article 7 herein. Such Detail Specification as so modified by this reference incorporated in this Agreement and is hereinafter referred to as the "Detail Specification" or "the "B" Market Detail Specification." In connection with the sale and purchase of the Aircraft, Boeing shall also deliver to Buyer other things

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under this Agreement including data, documents, training and services.

1.2 Performance Guarantees. Any performance guarantees applicable to the Aircraft shall be expressly included in this Agreement.

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ARTICLE 2. Delivery of Aircraft; Title and Risk of Loss.

2.1 Time of Delivery. Each Aircraft shall be delivered to Buyer assembled and ready for flight, and Buyer shall accept delivery of such Aircraft during or, if mutually agreed, before the months set forth in the following schedule:

Month and Year of delivery	Quantity of Aircraft
"A" Market Aircraft	
May 1995	Three (3)
June 1995	Two (2)
July 1995	One (1)
September 1995	One (1)
October 1995	One (1)
November 1995	One (1)
December 1995	Two (2)
February 1996	One (1)

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

"B" Market Aircraft

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

If Boeing gives Buyer at least ten (10) days' advance notice of the delivery date for an Aircraft, and delivery is delayed beyond

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such date due to Buyer's fault or responsibility, Buyer shall promptly reimburse Boeing for all costs and expenses incurred by Boeing as a result of such delay, including but not limited to reasonable amounts for storage, insurance, taxes, preservation of protection of the Aircraft, and interest on payments due.

2.2 Place of Delivery. Each Aircraft shall be delivered at an airport in the State of Washington selected by Boeing or at such alternate site as may be mutually agreed upon in writing. If delivery is made at an alternate site at Buyer's request, Buyer shall promptly reimburse Boeing for any increased costs incurred by Boeing as a result thereof.

2.3 Title and Risk of Loss. Title to and risk of loss of each Aircraft shall pass from Boeing to Buyer upon delivery of such Aircraft but not prior thereto.

2.4 Documents of Title. Upon delivery of and payment for each Aircraft, Boeing shall deliver to Buyer a bill of sale duly conveying to Buyer good title to such Aircraft free and clear of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title as Buyer may reasonably request.

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Article 3. Price of Aircraft.

3.1 Basic Price.

3.1.1 Basic Price for the "A" Market Aircraft. The basic price of each of the "A" Market Aircraft shall be equal to the sum of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and (ii) such price adjustments applicable to such "A" Market Aircraft as may be made pursuant to the provisions of this Agreement, including Article 7 (Changes to Detail Specification) and Article 8 (FAA Requirements) or other written agreements executed by Buyer and Boeing.

3.1.2 Basic Price for the "B" Market Aircraft. The basic price of each of the "B" Market Aircraft shall be equal to the sum of (i) the airframe and special features for [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and (ii) such price adjustments applicable to such "B" Market Aircraft as may be made pursuant to the provisions of this Agreement, including Article 7 (Changes to Detail Specification) and Article 8 (FAA Requirements) or other written agreements executed by Buyer and Boeing.

3.2 Purchase Price.

The purchase price of each Aircraft shall be equal to the sum of the following items as determined at the time of such Aircraft delivery; (i) the Basic Price of the "A" Market or "B" Market Aircraft, as applicable, (ii) the Airframe and Engine Price Adjustments to be determined pursuant to Exhibit D (Price Adjustment Due to Economic Fluctuations - Airframe and Engine) attached hereto or the applicable provisions determined in Article 3.1 above, and (iii) such price adjustments applicable to such Aircraft as may be made pursuant to the provisions of this Agreement, including Exhibit E (Buyer Furnished Equipment

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Document) or other written agreements executed by Boeing and Buyer (the "Purchase Price").

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ARTICLE 5. Payment.

5.1 Advance Payment Base Price. The advance payment base price of each Aircraft, depending on the month and year of scheduled delivery, is indicated below:

Month and Year of Scheduled Delivery	Advance Payment Base Price per Aircraft
"A" Market Aircraft	
May 1995	[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
June 1995	
July 1995	
September 1995	
October 1995	
November 1995	
December 1995	
February 1996	

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

"B" Market Aircraft

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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Such advance payment base prices will be used to determine the amount of the first advance payment to be made by Buyer on each Aircraft pursuant to the provisions of Article 5.2. The advance payment base price of each Aircraft has been established using currently available forecast of the escalation factors used by Boeing and applicable to the scheduled month and year of Aircraft delivery. The advance payment base prices will be further increased or decreased by Boeing not later than twenty-five (25) months prior to the scheduled month of delivery, as required to reflect the effects of the then-current forecasted escalation factors used by Boeing in accordance with Exhibit D. The advance payment base price of each Aircraft, including any adjustments made thereto, as contemplated herein, is referred to as the "Advance Payment Base Price."

5.2 Advance Payments. Buyer shall pay to Boeing advance payments for each Aircraft on the dates indicated in the schedule below. The advance payment amount for an Aircraft due on a payment date shall be equal to (i) the sum of the advance payment percentages given in such schedule through the payment date multiplied by the Advance Payment Base Price for the Aircraft provided to Buyer pursuant to Article 5.1 for such payment date, less (ii) the sum of the advance payment amounts paid by Buyer to Boeing on such Aircraft up to such payment date.

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Due Date of Payment Amount Due per Aircraft

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5.3 Payment for Aircraft. Concurrently with delivery of each Aircraft, Buyer shall pay to Boeing the Purchase Price thereof, less the total amount of advance payments theretofore received by Boeing for such Aircraft under Article 5.2.

5.4 Repayment of Advance Payments. If this Agreement is terminated with respect to any Aircraft (i) by Buyer under Article 6.2, (ii) by Buyer under Article 11, or (iii) by failure of Buyer to provide Boeing with written notice pursuant to Article 6.4, then Boeing shall promptly repay to Buyer, without interest, any advance payments received by Boeing from Buyer here under with respect to any Aircraft so terminated. If this Agreement is terminated by Boeing under Article 6.2, then Boeing shall promptly

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repay to Buyer with interest any advance payments received by Boeing from Buyer hereunder with respect to any Aircraft so terminated.

5.5 Payment in United States Funds. All prices and payments set forth in this Agreement are in United States Dollars. All payments required under this Agreement shall be made in United States Dollars and in immediately available funds by (i) transfer to the party to receive payment of a cashier's check drawn on a member bank, located at Seattle, Washington, of the United States Federal Reserve System mutually acceptable to the parties, or (ii) unconditional deposit to the account of the party to receive payment in a bank in the United States mutually acceptable to the parties. Buyer shall comply with all applicable monetary and exchange control regulations, and shall obtain any necessary authority from the governmental agency administering such regulations in order to enable Buyer to make payments at the time and place and in the manner and medium specified herein.

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EXHIBIT A-1
TO
PURCHASE AGREEMENT NO. 1663
DATED DECEMBER 18, 1990
BETWEEN
THE BOEING COMPANY
AND
UNITED AIR LINES, INC.

"A" MARKET AIRCRAFT CONFIGURATION

The Detail Specification, referred to in Article 1 of the Purchase Agreement for the "A" Market Aircraft is Boeing Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Such Detail Specification shall be comprised of Boeing Configuration Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] as amended to incorporate the applicable Specification language to reflect the effect of the changes set forth in the Change Requests listed below, including the effects of such changes on Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). Such Change Requests are set forth in Boeing Document [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. As soon as practicable Boeing shall furnish to Buyer copies of the Detail Specification, which copies shall reflect the effect of such changes. It is understood and agreed that the basic price of the Aircraft, as set forth in Article 3 of this Agreement, reflects and includes all applicable price effects of such changes.

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EXHIBIT A-2
TO
PURCHASE AGREEMENT NO. 1663
DATED DECEMBER 18, 1990
BETWEEN
THE BOEING COMPANY
AND
UNITED AIR LINES, INC.
"B" MARKET AIRCRAFT CONFIGURATION

The Detail Specification, referred to in Article 1 of the Purchase Agreement for the "B" Market Aircraft is Boeing Detail Specification [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], for Aircraft WA013, as further revised to include Pratt & Whitney model PW4090 engines and the following changes:

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Attachment No. 7
6-1162-RCN-859

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666

Subject: Letter Agreement No.
6-1162-RCN-859 to
Purchase Agreement No. 1663 -
[*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT]

Gentlemen:

Reference is made to Purchase Agreement No. 1663 dated as of even date herewith (the Purchase Agreement) between The Boeing Company (Boeing) and United Air Lines, Inc. (United), relating to the sale by Boeing and the purchase by United of thirty-four (34) Model 777-222 aircraft (hereinafter referred to as the Aircraft).

Further reference is made to Letter Agreement 1663-5 dated as of even date herewith to the Purchase Agreement relating to the granting of options to purchase thirty-four (34) Model 777-222 option aircraft (the Option Aircraft).

This letter, when accepted by Buyer, will become part of the Purchase Agreement and will evidence our further agreement with respect to the matters set forth below.

All terms used herein and in the Purchase Agreement, and not defined herein, shall have the same meaning as in the Purchase Agreement.

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
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23. Non-Disclosure.

The parties understand that certain commercial and financial information contained in this letter agreement is considered as privileged and confidential. The parties agree that they will treat such information as privileged and confidential and will not, without prior written consent of the other party, disclose such information to any other person except as may be required by (i) applicable law or governmental regulations, or (ii) for financing the Aircraft in accordance with the provisions of Article 11.2 of the Purchase Agreement. In connection with any such disclosure or filing of such information pursuant to any applicable law or governmental regulations; Buyer shall request and use its best reasonable efforts to obtain confidential treatment of such information. Boeing agrees to cooperate with Buyer in making and supporting its request for confidential treatment. In fulfilling its obligations under this paragraph 11, the parties shall only be required to use the same degree of care to prevent unauthorized disclosure and use of the information contained in this Letter Agreement as they would use to prevent the disclosure and use of its own commercial and financial information of the same or similar nature and which it considers proprietary or confidential.

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If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By: /s/ R.C. Nelson
Its: Attorney-in-Fact

ACCEPTED AND AGREED TO this
Date: October 27, 1995

UNITED AIR LINES, INC.

By: /s/ Douglas A. Hacker
Its: Senior Vice President and
Chief Financial Officer

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Attachment 8
Exhibit D to
Purchase Agreement No. 1663
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PRICE ADJUSTMENT DUE TO
ECONOMIC FLUCTUATIONS
AIRFRAME PRICE ADJUSTMENT
1990 AHE BASE PRICE

(a) The adjustment in airframe price of each Aircraft ("Airframe Price Adjustment" herein) shall be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pa = (P + F) (AA + BB) - P$$

(b) The following definitions shall apply herein:

$$Pa = \text{Airframe Price Adjustment.}$$

$$AA = .65 \times \frac{H}{\$16.053}$$

$$BB = .35 \times \frac{W}{113.4}$$

In determining the value of AA, the ratio of H divided by \$16.053 shall be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by 0.65 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

In determining the value of BB, the ratio of w divided by 113.4 shall be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by 0.35 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

P = Aircraft basic price (as set forth in Article 3.1 of the Agreement) less the base price of Engines (as defined in the Exhibit D) in the amount of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL

P.A. No. 1663 D-1
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TREATMENT] for the "A" Market Aircraft and [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for the "B" Market Aircraft.

F = 0.005 (N)(P). Where N = the calendar year of scheduled Aircraft delivery, minus 1990.

AHE = "Average Gross Hourly Earnings of Production Workers in Aircraft Companies" (Standard Industrial Classification Code 3721 - Aircraft) as released by the Bureau of Labor Statistics, U.S. Department of Labor. For the months of October 1983 and on such Code values shall contain a pro rata effect of the lump-sum payment to hourly workers provided for in

aerospace wage contracts.

$$\begin{aligned} \$16.053 &= 3 \text{ month average of AHE for Dec. 89, Jan \& Feb 90} \\ &= \frac{15.98 + 16.04 + 16.14}{3} \end{aligned}$$

H = The three-month arithmetic average of the AHE values (expressed as a decimal and rounded to the nearest thousandth) for the months set forth in the table below for the applicable Aircraft.

ICI = Industrial Commodities Index as set forth in the "Producer Prices and Price Indexes" (Base Year 1982 = 100) as released by the Bureau of Labor Statistics, U.S. Department of Labor.

$$\begin{aligned} 113.4 &= 3 \text{ month average of ICI for Dec 89, Jan \& Feb 90} \\ &= \frac{112.3 + 114.2 + 113.6}{3} \end{aligned}$$

w = The three-month arithmetic average of the ICI values (expressed as a decimal and rounded to the nearest tenth) for the months set forth in the table below for the applicable Aircraft.

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Month of Scheduled Aircraft Delivery as Set Forth in Article 2.1 of the Agreement	Quantity of Aircraft	Months to be Utilized in Determining the Value of H and W
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May 1995	Three (3)	
June 1995	Two (2)	
July 1995	One (1)	[*CONFIDENTIAL
September 1995	One (1)	OMITTED AND FILED
October 1995	One (1)	SEPARATELY WITH THE
November 1995	One (1)	SECURITIES AND EXCHANGE
December 1995	Two (2)	COMMISSION PURSUANT TO A

February 1996	One (1)	REQUEST FOR CONFIDENTIAL
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	One (1)	TREATMENT]
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[*CONFIDENTIAL	One (1)	
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MATERIAL OMITTED AND	One (1)	
----------------------	---------	--

FILED SEPARATELY WITH		
-----------------------	--	--

THE SECURITIES AND		
--------------------	--	--

EXCHANGE COMMISSION		
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PURSUANT TO A REQUEST		
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FOR CONFIDENTIAL		
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TREATMENT]		
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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(c) In addition, it is understood that at the time of delivery of each of the Aircraft to Buyer, Boeing may be unable to determine the precise Airframe Price Adjustment for such Aircraft because the applicable AHE and ICI values may not be released by the Bureau of Labor Statistics, or if released, may be adjusted at a later date by such Bureau. Accordingly, the parties agree as follows:

(i) The Airframe Price Adjustment, to be used at the time of delivery of each of the Aircraft will be determined by utilizing the escalation provisions set forth above. The most current AHE and ICI values released by the Bureau of Labor Statistics for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) and available to

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Boeing at the time the escalation calculation is made shall be used to calculate the adjustment. If no values have been released for an applicable month, the provisions set forth in Paragraph (c)(iii) below shall apply. If prior to delivery of an Aircraft the U.S. Department of Labor changes the base year for determination of the ICI values as defined above, such rebased values will be incorporated into the numerator and the denominator of part BB of the Airframe Price Adjustment

calculation. The payment by Buyer to Boeing of the amount of the Purchase Price for such Aircraft, as determined at the time of Aircraft delivery, shall be deemed to be the payment for such Aircraft required at the delivery thereof, and title to such Aircraft will be conveyed to Buyer upon such delivery.

(ii) Subsequent to delivery of each of the Aircraft, Boeing may from time to time make revisions to the value of the Airframe Price Adjustment for such Aircraft to reflect any changes in AHE or ICI values previously used to determine such Airframe Price Adjustment. If the U.S. Department of Labor revises any previously released values by removing or replacing such values, or by describing such revision by footnote, appendix or by any other method, the revised values shall be used to revise the value of the Airframe Price Adjustment. Such adjustments by Boeing, if any, shall be made within 12 months after delivery of such Aircraft, except as provided in Paragraph (c)(iii) below.

(iii) If prior to delivery of an Aircraft the U.S. Department of Labor substantially revises the methodology used for the determination of its AHE and/or ICI values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released AHE and/or ICI values for any months needed to determine the applicable Aircraft Airframe Price Adjustment, the parties shall, prior to delivery of any such Aircraft, select a substitute for such AHE or ICI values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental

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United States organizations, such substitute to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original AHE or ICI values as they may have fluctuated during the applicable time period. Appropriate revision of the formula shall be made as required to reflect any substitute values. However, if within twenty-four (24) months from delivery of the Aircraft the Bureau of Labor Statistics should resume releasing AHE or ICI values for the months needed to determine the Airframe Price Adjustment, such values shall be used to determine any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft.

(iv) In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Purchase Price of any affected Aircraft to reflect an allowance for increases or decreases in labor and material costs occurring since February 1990, which is consistent with the applicable provisions of paragraphs (a) and (b) of this Exhibit D.

(v) If required, Boeing will submit either a supplemental invoice or refund the amounts due Buyer as appropriate to reflect any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft. Any payments due Boeing or Buyer shall be made with reasonable promptness.

(d) For the calculations herein, the AHE and ICI values shall be the latest values that have been released by the U.S. Department of Labor, Bureau of Labor Statistics.

Note: Any rounding of a number, as required under this Exhibit D with respect to escalation of the airframe price, shall be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit shall be raised to the next higher number.

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ENGINE PRICE ADJUSTMENT - PRATT & WHITNEY
"A" MARKET AIRCRAFT

(a) The basic price of each "A" Market Aircraft set forth in Article 3.1 of the Purchase Agreement includes an aggregate price for PW4073 engines and all accessories, equipment and parts therefor provided by the engine manufacturer (collectively in this Exhibit D called "Engines") of [*CONFIDENTIAL MATERIAL

OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The adjustment in Engine price applicable to each "A" Market Aircraft ("A" Market "Engine Price Adjustment" herein) shall be determined at the time of "A" Market Aircraft delivery in accordance with the following formula:

$$Pa = (P) (AA + BB + CC) - P$$

(b) The following definitions shall apply herein:

- Pa = "A" Market Engine Price Adjustment
- P = Aggregate "A" Market Engine Base Price
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- AA = $.60 \times \frac{L}{\$14.68}$
- BB = $.30 \times \frac{m}{121.7}$
- CC = $.10 \times \frac{E}{73.7}$

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In determining the value of AA, BB and CC, the ratio of L divided by \$14.68, M divided by 121.7 and E divided by 73.7 shall be expressed as a decimal and rounded to the nearest ten-thousandth but the decimal value resulting from multiplying such ratios by the respective constants (.60, .30 and .10) shall not be rounded. The value of the sum of AA + BB + CC shall also be rounded to the nearest ten-thousandth.

L = Labor Index, which is the "Hourly Earnings of Aircraft Engines and Engine Parts Production Workers, SIC 3724" published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled aircraft delivery.

\$14.68 = Published Labor Index (SIC 3724) for December, 1989.

M = Material Index, which is the "Producer Price Index - Code 10, Metals and Metal Products," (Base Year 1982 = 100) published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

121.7 = Published Material Index (Code 10) for December, 1989.

E = Fuel Index, which is the "Producer Price Index Code 5, Fuels and Related Products and Power" (Base Year 1982 = 100) published for the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

73.7 = Published Fuel Index (Code 5) for December, 1989.

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The "A" Market Engine Price Adjustment shall not be made if it would result in a decrease in the aggregate "A" Market Aircraft Engine base price.

(c) The value of the Labor, Material and Fuel Index used in determining the "A" Market Engine Price Adjustment shall be those published by the Bureau of Labor Statistics, U.S. Department of Labor as of a date thirty (30) days prior to the scheduled "A" Market Aircraft delivery to Buyer. Such Index values shall be considered final and no revision to the "A" Market Engine Price Adjustment shall be made after Aircraft delivery for any

subsequent changes in published Index values.

(d) If the Bureau of Labor Statistics, U. S. Department of Labor, (i) substantially revises the methodology (in contrast to benchmark adjustments or other corrections of previously published data), or (ii) discontinues publication of any of the data referred to above or (iii) temporarily discontinues publication of any of the data referred to above, Pratt & Whitney Aircraft (P&WA) agrees to meet jointly with Boeing and Buyer and jointly select a substitute for the revised or discontinued data, such substitute data to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original data as it may have fluctuated had it not been revised or discontinued. Appropriate revision of the "A" Market Engine Price Adjustment provisions set forth above shall be made to accomplish this result for affected Engines.

In the event the Engine Price Adjustment escalation provisions of this Agreement are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, P&WA agrees to meet with Boeing and jointly agree, to the extent that they may lawfully do so, to adjust equitably the purchase price of the Engine(s) to reflect an allowance for increases in labor, material and fuel costs that occurred from December, 1989 to the

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seventh month preceding the month of scheduled delivery of the applicable "A" Market Aircraft.

(e) The Engine escalation provisions set forth above shall be appropriately amended to reflect changes in such provisions (including any increase in "A" Market Engine base price) established by the Engine manufacturer as of the date of entering into a definitive agreement to purchase the "A" Market Aircraft and applicable to Engines for delivery to Boeing during the same approximate time period as the "A" Market Aircraft.

NOTES: Any rounding of a number, as required under this Exhibit D with respect to escalation of the Engine price, shall be accomplished as follows: if the first digit of the portion to, be dropped from the number to be rounded is five or greater, the preceding digit shall be raised to the next higher number.

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ENGINE PRICE ADJUSTMENT - PRATT & WHITNEY

"B" MARKET AIRCRAFT

(a) The basic price of each "B" Market Aircraft set forth in Article 3.1 of the Purchase Agreement includes an aggregate price for PW4090 Engines of [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The adjustment in Engine price applicable to each "B" Market Aircraft ("B" Market "Engine Price Adjustment" herein) shall be determined at the time of "B" Market Aircraft delivery in accordance with the following formula:

(a) Pa = (P) (AA+BB+CC) - P

(b) The following definitions shall apply herein:

Pa = "B" Market Engine Price Adjustment

P = Aggregate "B" Market Engine Base Price as set forth in paragraph (a) above.

AA = .60 x L

\$17.13

BB = .30 x m

120.2

CC = .10 x E

74.7

In determining the value of AA, BB and CC, the ratio of L divided by \$17.13, M divided by 120.0 and E divided by 74.7 shall be expressed as a decimal and rounded to the nearest ten-thousandth but the decimal value resulting from multiplying such ratios by the respective constants (.60, .30 and .10) shall not be rounded. The value of the sum of AA + BB + CC shall also be rounded to the nearest ten-thousandth.

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L = Labor Index, which is the "Hourly Earnings of Aircraft Engines and Engine Parts Production Workers, SIC 3724" published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

\$17.13 = Published Labor Index (SIC 3724) for December, 1993.

M = Material Index, which is the "Producer Price Index - Code 10, Metals and Metal Products," (Base Year 1982 = 100) published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

120.2 = Published Material Index (Code 10) for December, 1993.

E = Fuel Index, which is the "Producer Price Index Code 5, Fuels and Related Products and Power" (Base Year 1982 = 100) published by the Bureau of Labor Statistics, U.S. Department of Labor, for the seventh month preceding the month of scheduled Aircraft delivery.

74.7 = Published Fuel Index (Code 5) for December, 1993.

The "B" Market Engine Price Adjustment shall not be made if it would result in a decrease in the aggregate "B" Market Engine base price.

(c) The value of the Labor, Material and Fuel Index used in determining the "B" Market Engine Price Adjustment shall be those

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published by the Bureau of Labor Statistics, U.S. Department of Labor as of a date thirty (30) days prior to the scheduled "B" Market Aircraft delivery to Buyer. Such Index values shall be considered final and no revision to the "B" Market Engine Price Adjustment shall be made after Aircraft delivery for any subsequent changes in published Index values.

(d) If the Bureau of Labor Statistics, U.S. Department of Labor, (i) substantially revises the methodology (in contrast to benchmark adjustments or other corrections of previously published data), or (ii) discontinues publication of any of the data referred to above or (iii) temporarily discontinues publication of any of the data referred to above, Pratt & Whitney Aircraft (P&WA) agrees to meet jointly with Boeing and Buyer and jointly select a substitute for the revised or discontinued data, such substitute data to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original data as it may have fluctuated had it not been revised or discontinued. Appropriate revision of the "B" Market Engine Price Adjustment provisions set forth above shall be made to accomplish this result for affected engines.

In the event the "B" Market Price Adjustment escalation provisions of this Agreement are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, P&WA agrees to meet with Boeing and jointly agree, to the extent that they may lawfully do so, to reflect an allowance for increases in labor, material and fuel costs that occurred from December, 1993, to the seventh month preceding the

month of scheduled delivery of the applicable "B" Market Aircraft.

(e) The Engine escalation provisions set forth above shall be appropriately amended to reflect changes in such provisions (including any increase in "B" Market Engine base price) established by P&WA as of the date of entering into a definitive

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agreement to purchase the "B" Market Aircraft and applicable to Engines for delivery to Boeing during the same approximate time period as the "B" Market Aircraft.

NOTE: Any rounding of a number, as required under this Attachment C with respect to escalation of the Engine price, shall be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit shall be raised to the next higher number.

P.A. No. 1663 D-13
Attachment No. 9
6-1162-RCN-925

United Air Lines, Inc.
P. O. Box 66100
Chicago IL 60666

Subject: Letter Agreement No. 6-1162-RCN-925 to Purchase Agreement No. 1670 - "B" Market Aircraft Performance Guarantees

Gentlemen:

Reference is made to Purchase Agreement No. 1663 dated December 18, 1990, (the Purchase Agreement) between The Boeing Company (Boeing) and United Air Lines, Inc. (United), relating to the sale by Boeing and the purchase by United of thirty-four (34) Model 777-222 aircraft (hereinafter referred to as the Aircraft).

This letter, when accepted by Buyer, will become part of the Purchase Agreement and will evidence our further agreement with respect to the matters set forth below.

All terms used herein and in the Purchase Agreement, and not defined herein, shall have the same meaning as in the Purchase Agreement.

Set forth in the Attachment hereto are the performance guarantees applicable to the "B" Market Aircraft (the Performance Guarantees). The Performance Guarantees shall be deemed to be part of the Detail Specification as though fully set forth therein. All provisions of the Purchase Agreement and all Exhibits thereto shall be applicable to the Performance Guarantees in the same manner and to the same extent as would be the case if the Performance Guarantees had been set forth in full in the Detail Specification.

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United Air Lines, Inc.
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If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /s/ R.C. Nelson

Its Attorney-in-Fact

ACCEPTED AND AGREED TO this
Date: October 27, 1995
UNITED AIR LINES, INC.

Its: Senior Vice President and
Chief Financial Officer

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MODEL 777-200 PERFORMANCE GUARANTEES
PW4090 ENGINES

SECTION	CONTENTS
1	AIRCRAFT MODEL APPLICABILITY
2	FLIGHT PERFORMANCE
3	MANUFACTURER'S EMPTY WEIGHT
4	SOUND LEVELS
5	AIRCRAFT CONFIGURATION
6	GUARANTEE CONDITIONS
7	GUARANTEE COMPLIANCE
8	EXCLUSIVE GUARANTEE

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1 AIRCRAFT MODEL APPLICABILITY

The guarantees contained in this Attachment (the "Performance Guarantees") are applicable to the 777-200 Aircraft with a maximum takeoff weight of 624,700 pounds, a maximum landing weight of 460,000 pounds, a maximum zero fuel weight of 430,000 pounds and a fuel capacity of 44,700 U.S. gallons, and equipped with Boeing furnished PW4090 engines operated at a Boeing equivalent thrust rating of 90,200 pounds and flat rated to 86 degrees F at sea level.

2 FLIGHT PERFORMANCE

2.1 Takeoff

2.1.1 The FAA approved takeoff gross weight at the start of ground roll, at a temperature of 86 degrees F, at a sea level altitude, from a 10,500 foot runway and using maximum takeoff thrust, shall not be less than the following guarantee value:

NOMINAL:	[*CONFIDENTIAL MATERIAL OMITTED
TOLERANCE:	AND FILED SEPARATELY WITH THE
GUARANTEE:	SECURITIES AND EXCHANGE
	COMMISSION PURSUANT TO A REQUEST
	FOR CONFIDENTIAL TREATMENT]

2.1.2 The FAA approved takeoff climb limited gross weight without using the improved climb performance procedure at a temperature of 86 degrees F, and at a sea level altitude and with the Aircraft configuration used to show compliance with Paragraph 2.1.1 and using maximum takeoff thrust, shall not be less than the following guarantee value:

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NOMINAL:	[*CONFIDENTIAL MATERIAL OMITTED
TOLERANCE:	AND FILED SEPARATELY WITH THE
GUARANTEE:	SECURITIES AND EXCHANGE
	COMMISSION PURSUANT TO A REQUEST
	FOR CONFIDENTIAL TREATMENT]

2.1.3 The FAA approved takeoff gross weight at the start of ground roll, at a temperature of 86 degrees F, at an altitude of 5,431 feet, from a 12,000 foot runway and using maximum takeoff thrust, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL OMITTED
TOLERANCE: AND FILED SEPARATELY WITH THE
GUARANTEE: SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST
FOR CONFIDENTIAL TREATMENT]

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2.1.4 The FAA approved takeoff climb limited gross weight without using the improved climb performance procedure at a temperature of 86 degrees F, and at an altitude of 5,431 feet and with the Aircraft configuration used to show compliance with Paragraph 2.1.3 and using maximum takeoff thrust, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL OMITTED
TOLERANCE: AND FILED SEPARATELY WITH THE
GUARANTEE: SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST
FOR CONFIDENTIAL TREATMENT]

2.2 Landing

2.2.1 The FAA approved landing field length at a gross weight of 460,000 pounds and at a sea level altitude, shall not be more than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL OMITTED
TOLERANCE: AND FILED SEPARATELY WITH THE
GUARANTEE: SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST
FOR CONFIDENTIAL TREATMENT]

2.2.2 The FAA approved landing climb limited gross weight at a temperature of 86 degrees F, and at a sea level altitude, with the Aircraft configuration used to show compliance with Paragraph 2.2.1, and with engine bleed for air conditioning with two packs operating, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL OMITTED
TOLERANCE: AND FILED SEPARATELY WITH THE
GUARANTEE: SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST
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2.2.3 The FAA approved landing field length at a gross weight of 460,000 pounds and at an altitude of 5,431 feet, shall not be more than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL OMITTED
TOLERANCE: AND FILED SEPARATELY WITH THE
GUARANTEE: SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST
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2.2.4 The FAA approved landing climb limited gross weight at a temperature of 86 degrees F, and at an altitude of 5,431 feet, with the Aircraft configuration used to show compliance with Paragraph 2.2.3, and with engine bleed for air conditioning with two packs operating, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT]

2.3 Enroute One-Engine-Inoperative Weight

The FAA approved enroute one-engine-inoperative gross weight at which the available gross climb gradient equals 1.1 percent at an altitude of 17,800 feet on an ISA+10 degrees C day using not more than maximum continuous thrust with engine and wing anti-ice bleed on, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT]

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2.4 Altitude Capability - All Engines Operating

2.4.1 The altitude capability at a gross weight of 600,000 pounds on a standard day and satisfying the conditions defined below, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT]

Conditions:

- 1) The Aircraft shall be capable of maintaining level cruising flight using not more than maximum cruise thrust, at 0.84 Mach number.
- 2) The Aircraft shall be capable of maintaining a rate of climb of 300 feet per minute using not more than maximum climb thrust, at 0.84 Mach number.
- 3) The Aircraft shall be capable of at least a 1.3 g maneuver load factor at buffet onset, at 0.84 Mach number.

2.4.2 The altitude capability at a gross weight of 500,000 pounds on an ISA+15 degrees C day and satisfying the conditions defined below, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A
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Conditions:

- 1) The Aircraft shall be capable of maintaining level cruising flight using not more than maximum cruise thrust, at 0.84 Mach number.
- 2) The Aircraft shall be capable of maintaining a rate of climb of 300 feet per minute using not more than maximum climb thrust, at 0.84 Mach number.
- 3) The Aircraft shall be capable of at least a 1.3g maneuver load factor at buffet onset, at 0.84 Mach number.

2.5 Range

2.5.1 The still air range at a cruise altitude of 10,000 feet on an ISA+10 degrees C day at 310 knots calibrated Air Speed, starting at a gross weight of 480,000 pounds and consuming 20,000 pounds of fuel, using not more than maximum cruise thrust with engine and wing anti-ice bleed on, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.5.2 The still air range at a cruise altitude of 15,000 feet on an ISA+10 degrees C day at 310 knots Calibrated Air Speed, starting at a gross weight of 480,000 pounds and consuming 20,000 pounds of fuel, using not more than maximum cruise thrust with engine and wing anti-ice bleed on, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.5.3 The still air range at a cruise altitude of 20,000 feet on an ISA+10 degrees C day at 310 knots Calibrated Air Speed, starting at a gross weight of 480,000 pounds and consuming 20,000 pounds of fuel, using not more than maximum cruise thrust with engine and wing anti-ice bleed on, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.5.4 The still air range at a cruise altitude of 31,000 feet on an ISA+10 degrees C day at 0.84 Mach number, starting at a gross weight of 610,000 pounds and consuming 20,000 pounds of fuel, and using not more than maximum cruise thrust, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.5.5 The still air range at a cruise altitude of 35,000 feet on an ISA+10 degrees C day at 0.84 Mach number, starting at a gross weight of 580,000 pounds and consuming 20,000 pounds of fuel, and using not more than maximum cruise thrust, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.5.6 The still air range at a cruise altitude of 39,000 feet on an ISA+10 degrees C day at 0.84 Mach number, starting at a gross weight of 430,000 pounds and consuming 20,000 pounds of fuel, and using not more than maximum cruise thrust, shall not be less than the following guarantee value:

2.5.7 The still air range at a cruise altitude of 41,000 feet on an ISA+10 degrees C day at 0.84 Mach number, starting at a gross weight of 430,000 pounds and consuming 20,000 pounds of fuel, and using not more than maximum cruise thrust, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
TOLERANCE: OMITTED AND FILED SEPARATELY
GUARANTEE: WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT]

2.6 Mission

2.6.1 Mission Payload

The payload for a stage length of 5,497 nautical miles in still air (equivalent to a distance of 5,036 nautical miles with a 41 knot headwind, representative of a Paris to Los Angeles route) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
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REQUEST FOR CONFIDENTIAL TREATMENT]

Conditions and operating rules:

Stage Length The stage length is defined as the sum of the distances for climb, cruise, and descent.

Takeoff: The airport altitude is 387 feet.

The airport temperature is 46 degrees F.

The runway length is 11,860 feet prior to subtracting the lineup allowance.

The takeoff lineup allowance is 272 feet.

The runway slope is 0.231 percent uphill.

The following obstacle definition is based on a straight-out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

	Distance	Height
1.	1641 Feet	26 Feet
2.	3462 Feet	46 Feet

Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet

altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 315 KCAS.

The climb continues at 315 KCAS until 0.83 Mach number is reached.

The climb continues at 0.83 Mach number to the initial cruise altitude.

The temperature is standard day during Climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at 0.84 Mach number.

The initial cruise altitude is 31,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

The temperature is standard day during cruise.

The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 0.83 Mach number until 310 KCAS is reached.

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The descent continues at 310 KCAS to an altitude of 10,000 feet. At that altitude the Aircraft decelerates to 250 KCAS.

The descent continues at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level.

The temperature is standard day during descent.

Approach Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands

The destination airport altitude is 126 feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with the guarantee, the following shall be used as fixed quantities and allowances:

Taxi-out:

Fuel: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Takeoff and Climbout Maneuver:

Fuel Distance: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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Approach and Landing Maneuver:

Fuel: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Taxi-in (shall be consumed from the reserve fuel)

Fuel: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Usable reserve fuel remaining upon completion of the approach and landing maneuver:
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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2.6.2 Mission Payload

The payload for a stage length of 5,858 nautical miles in still air (equivalent to a distance of 5,187 nautical miles with a 56 knot headwind, representative of a Los Angeles to Osaka route) using the conditions and operating rules defined below, shall not be less than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
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EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT]

Conditions and operating rules:

Stage Length: The stage length is defined as the sum of the distances for climb, cruise and descent.

Takeoff: The airport altitude is 126 feet.

The takeoff gross weight is 632,500 pounds.

The airport temperature is 62 degrees F.

The runway length is 12,093 feet prior to subtracting the lineup allowance.

The takeoff lineup allowance is 272 feet.

The runway slope is 0.341 percent uphill.

The following obstacle definition is based on a straight-out departure where obstacle height and distance are specified with reference to the liftoff end of the runway:

Distance	Height
1. 709 Feet	8 Feet
2. 899 Feet	14 Feet

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Maximum takeoff thrust is used for the takeoff.

The takeoff gross weight shall conform to FAA Regulations.

Climbout Maneuver: Following the takeoff to 35 feet, the Aircraft accelerates to 250 KCAS while climbing to 1,500 feet above the departure airport altitude and retracting flaps and landing gear.

Climb: The Aircraft climbs from 1,500 feet above the departure airport altitude to 10,000 feet altitude at 250 KCAS.

The Aircraft then accelerates at a rate of climb of 500 feet per minute to a climb speed of 315 KCAS.

The climb continues at 315 KCAS until 0.83 Mach number is reached.

The climb continues at 0.83 Mach number to the

initial cruise altitude.

The temperature is standard day during climb.

Maximum climb thrust is used during climb.

Cruise: The Aircraft cruises at 0.84 Mach number.

The initial cruise altitude is 31,000 feet.

A step climb or multiple step climbs of 4,000 feet altitude may be used when beneficial to minimize fuel burn.

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The temperature is standard day during cruise.
The cruise thrust is not to exceed maximum cruise thrust except during a step climb when maximum climb thrust may be used.

Descent: The Aircraft descends from the final cruise altitude at 0.83 Mach number until 310 KCAS is reached.

The descent continues at 310 KCAS to an altitude of 10,000 feet. At that altitude the Aircraft decelerates to 250 KCAS.

The descent continues at 250 KCAS to an altitude of 1,500 feet above the destination airport altitude.

Throughout the descent, the cabin pressure will be controlled to a maximum rate of descent equivalent to 300 feet per minute at sea level.

The temperature is standard day during descent.

Approach and Landing Maneuver: The Aircraft decelerates to the final approach speed while extending landing gear and flaps, then descends and lands

The destination airport altitude is 26 feet.

Fixed Allowances: For the purpose of this guarantee and for the purpose of establishing compliance with this guarantee, the following shall be used as fixed quantities and allowances:

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Taxi-out:

Fuel: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Takeoff and Climbout Maneuver:

Fuel Distance [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Approach and Landing Maneuver:

Fuel: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Taxi-in (shall be consumed from the reserve fuel):

Fuel: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Usable reserve fuel remaining upon completion of

the approach and landing maneuver: [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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2.6.3 Operational Empty Weight Basis

The Operational Empty Weight (OEW) derived in the following is the basis for the mission guarantees of Paragraph 2.6.1 and 2.6.2.

777-200 Weight Summary - UNITED AIRLINES Pounds

Standard Model Specification MEW

Configuration [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
Specification:
Dated:
Passengers: 305
(24F/54C/227Y)
Engines: Two
PW4084 engines rated
at 84,600 pounds
thrust
Fuel Capacity:
Maximum Taxi
Weight:

Post Configuration Specification Weight Increase

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*Weight Included in MEW:

Quantity Pounds Pounds

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2.6.4 Standard and Operational Items Allowance

Quantity Pounds Pounds Pounds

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2.6.5 United Airlines Interior Lopa 772-021

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2.6.6 Additional Change Requests

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3 MANUFACTURER'S EMPTY WEIGHT

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4 SOUND LEVELS

4.1.1 Community Sound Levels

The Aircraft shall be certified in accordance with Stage 3 requirements of FAR Part 36 (essentially equivalent to ICAO Annex 16, Volume 1, Chapter 3).

The following external noise levels apply to operation in still air at a sea level airport with a temperature of 77 degrees F and a relative humidity of 70%.

4.1.2 Takeoff Condition

Sound level at a point on the ground, 6,500 meters from brake release and directly under the flight path, following a takeoff with flap position 5 and with a brake release gross weight of 632,500 pounds using a thrust cutback procedure and a climbout speed of $V_2 + 10$ knots, shall not be greater than the following guarantee value:

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4.1.3 Approach Condition

Sound level at a point 394 feet below an approach path, in which the aircraft is descending at an angle of 3 degrees at a constant airspeed corresponding to $V_{ref} + 10$ knots at a gross weight of 460,000 pounds with maximum landing flap setting and landing gear extended, shall not be greater than the following guarantee value:

NOMINAL: [*CONFIDENTIAL MATERIAL
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EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT]

5 AIRCRAFT CONFIGURATION

5.1 The guarantees contained in this Attachment are based on the Aircraft configuration as defined in Paragraph 2.6.3. Appropriate adjustment shall be made for changes approved by the Buyer and Boeing or otherwise allowed by the Purchase Agreement which cause changes to the flight performance, sound levels, and/or weight and balance of the Aircraft. Such adjustment shall be accounted for by Boeing in its evidence of compliance with the guarantees.

5.2 The guarantee payload of Paragraph 2.6.1 and 2.6.2 will be adjusted by Boeing for the effect of the following on OEW, and the Manufacturer's Empty Weight guarantee of Section 3 will be adjusted by Boeing for the following in its evidence of compliance with the guarantees:

(1) Changes to the Aircraft configuration defined in Paragraph 2.6.3 including Change Requests, Master-Changes, Change Orders or any other changes mutually agreed upon between the Buyer and Boeing or otherwise allowed by the Purchase Agreement.

(2) The difference between the passenger seat and engine weight allowances given in Appendix IV of the Detail Specification and the actual weights.

6 GUARANTEE CONDITIONS

6.1 All guaranteed performance data are based on the ICAO International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.

6.2 The FAA Regulations (FAR) referred to in this Attachment are, unless otherwise specified, those set forth in FAR Part 25 effective February 1, 1965, plus Amendments 25-1 through 25-82 excluding Paragraph 25.571 (e) (1) , which remains at Amendment 71 level.

6.3 In the event a change is made to any law, governmental regulation or requirement, or in the interpretation of any such law, governmental regulation or requirement that affects the certification basis for the Aircraft as described in Paragraphs 4.1 or 6.2, and as a result thereof, a change is made to the configuration and/or the performance of the Aircraft in order to obtain certification, the guarantees set forth in this Attachment shall be appropriately modified to reflect any such change.

6.4 The takeoff and landing guarantees, and the takeoff portion of the mission guarantees are based on hard surface, level and dry runways with no wind or obstacles, no clearway or stopway, 235 mph tires, and with anti-skid operative unless otherwise specified. The takeoff performance is based on no engine bleed for air conditioning or thermal anti-icing and the Auxiliary Power Unit (APU) turned off. The improved climb performance procedure will be used for takeoff as required unless otherwise specified. The landing climb limited weight is based on engine bleed for air conditioning with two packs operating, but no engine bleed for thermal anti-icing and the Auxiliary Power Unit (APU) is turned on. The landing performance is based on the use of automatic spoilers.

- 6.5 The enroute one-engine-inoperative altitude guarantee is based on engine bleed for air conditioning with two packs operating. No engine bleed for thermal anti-icing is provided unless otherwise specified. The APU is turned on.
- 6.6 The all-engine altitude capability, range, and the climb, cruise and descent portions of the mission guarantees include allowances for normal power extraction and engine bleed for normal operation of the air conditioning system. Normal electrical power extraction shall be defined as not less than a 212 kilowatts total electrical load. Normal operation of the air conditioning system shall be defined as pack switches in the "Auto" position, the temperature control switches in the "Auto" position that results in a nominal cabin temperature of 75 degrees F, and all air conditioning systems operating normally. This operation allows a maximum cabin pressure differential of 8.6 pounds per square inch at higher altitudes, with a nominal Aircraft cabin ventilation rate of 7,880 cubic feet per minute including passenger cabin recirculation (nominal recirculation is 50 percent). The APU is turned off unless otherwise specified.
- 6.7 The all-engine altitude capability, range, and the climb, cruise, and descent portions of the mission guarantees are based on an Aircraft center of gravity location, as determined by Boeing, not to be aft of 30 percent of the mean aerodynamic chord.
- 6.8 Performance, where applicable, is based on a fuel Lower Heating Value (LHV) of 18,580 BTU per pound and a fuel density of 6.75 pounds per U.S. gallon.
- 6.9 Boeing equivalent thrust is defined as the installed takeoff net thrust at 0.25 Mach number, sea level, standard day (no airbleed, but with horsepower extraction included) multiplied by 1.255, then rounded to the nearest 100 pounds.

- 7 GUARANTEE COMPLIANCE
- 7.1 Compliance with the guarantees of Sections 2, 3, and 4 shall be based on the conditions specified in those sections, the Aircraft configuration of Section 5 and the guarantee conditions of Section 6.
- 7.2 Compliance with the takeoff, landing, and enroute one-engine-inoperative altitude guarantees, the buffet onset portion of the altitude capability guarantee, the takeoff portion of the mission guarantees, and the community sound level guarantees shall be based on the FAA approved Airplane Flight Manual for the Model 777-200 described in Section 1 except that the takeoff weight used to show compliance with Paragraph 2.6.2 may exceed the takeoff weight limit appearing on the Weight Limitations page in the FAA approved Airplane Flight manual for the Model 777-200 in which case such guarantee compliance shall not be construed as authorizing operation at such a weight.
- 7.3 Compliance with all-engine altitude capability, range, and with the climb, cruise and descent portions of the mission guarantees shall be established by calculations based on flight test data obtained from an aircraft in a configuration similar to that defined by the Detail Specification.
- 7.4 The OEW used for compliance with the mission guarantees shall be the actual MEW plus the Standard and Operational Items Allowance in Paragraph 03-60-00 of the Detail Specification.
- 7.5 Compliance with the Manufacturer's Empty Weight guarantee shall be based on information in the "Weight and Balance Control and Loading Manual - Aircraft Report."
- 7.6 The data derived from tests shall be adjusted as required by conventional methods of correction, interpolation or extrapolation in accordance with established engineering practices to show compliance with these guarantees.
- 7.7 Compliance shall be based on the performance of the

airframe and engines in combination, and shall not be contingent on the engine's meeting its manufacturer's performance specifications.

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8 EXCLUSIVE GUARANTEES

The only performance guarantees applicable to the Aircraft are those set forth in this Attachment.

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Attachment No. 10
6-1162-6-1162-RCN-851

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666

Subject: Letter Agreement No. - 6-3162-RCN-851 to
Purchase Agreement No. 1663
[*CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

Reference is made to Purchase Agreement No. 1663 dated as of even date herewith (the Purchase Agreement) between The Boeing Company (Boeing), United Air Lines, Inc. (United) and United Worldwide Corporation (Worldwide), relating to the sale by Boeing and the purchase by United and Worldwide (collectively the Buyer) of thirty-four (34) Model 777-222 aircraft (hereinafter referred to as the Aircraft).

This letter when accepted by Buyer, will become part of the Purchase Agreement and will evidence our further agreement with respect to the matters set forth below.

All terms used herein and in the Purchase Agreement, and not defined herein, shall have the same meaning as in the Purchase Agreement.

[* CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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Attachment No. 10
United Air Lines Inc.
6-1162-RCN-851 Page 2

[* CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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P.A. No. 1663
Attachment No. 10
United Air Lines Inc.
6-1162-RCN-851 Page 4

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /S/ R.C. Nelson

Its Attorney-in-Fact

ACCEPTED AND AGREED TO this

Date: October 27, 1995

UNITED AIR LINES, INC.

By /S/ Douglas A. Hacker

Its Senior Vice President and
Chief Financial Officer

P.A. No. 1663
Attachment No. 11
6-1162-RCN-866

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666

Subject: Letter Agreement No. 6-1162-RCN-866 to
Purchase Agreement No. 1663
[* CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT]

Gentlemen:

Reference is made to Purchase Agreement No. 1663 dated as of even date herewith (the Purchase Agreement) between The Boeing Company (Boeing) and United Air Lines, Inc. (United) relating to the sale by Boeing and the purchase by United of thirty-four (34) Model 777-222 aircraft (hereinafter referred to as the Aircraft).

This letter, when accepted by Buyer, will become part of the Purchase Agreement and will evidence our further agreement with respect to, the matters set forth below.

All terms used herein and in the Purchase Agreement, and not defined herein, shall have the same meaning as in the Purchase Agreement.

1. In consideration of Buyer's purchase of the Aircraft, should Buyer purchase 777 "A" Market full flight simulators or fixed base simulators for ownership or use by Buyer and for delivery after the date of execution of the Purchase Agreement Boeing shall grant Buyer a license for 777-200 "A" Market simulator packages for such simulators) for the prices set forth below. The prices are quoted in 1990 dollars and subject to escalation. Except as set forth in this letter agreement, all terms and conditions relating to the licensing of such simulator data will be substantially the same as Boeing Agreement No. 6-1171-SD-105, dated December 15, 1988, for Buyer's licensing of Model 757-222 simulator data.

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United Air Lines, Inc.
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Initial Set [*CONFIDENTIAL MATERIAL OMITTED AND FILED
Subsequent Sets SEPARATELY WITH THE SECURITIES AND
Concurrent Sets EXCHANGE COMMISSION PURSUANT TO A REQUEST
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2. The price to upgrade the "A" Market simulators discussed in paragraph 1 above to include "B" Market Aircraft capability is given below. The prices quoted are in 1995 dollars and are subject to escalation.

Initial Set [*CONFIDENTIAL MATERIAL OMITTED AND FILED
Subsequent Sets SEPARATELY WITH THE SECURITIES AND
Concurrent Sets EXCHANGE COMMISSION PURSUANT TO A REQUEST
FOR CONFIDENTIAL TREATMENT

The Initial Set price applies to the first license of a 777-200 data package from either paragraph 1 or 2 above, as applicable.

The Concurrent Set price applies to an additional license of the simulator data package from either paragraph 1 or paragraph 2, as applicable, and such license must be obtained within 5 years from the respective Initial Set data license. Beyond 5 years, the Subsequent Set price will apply.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /S/ R.C. Nelson

Its Attorney-in-Fact

ACCEPTED AND AGREED TO this

Date: , 1995

UNITED AIR LINES, INC.

By /S/ DOUGLAS A. HACKER

Its Senior Vice President and
Chief Financial Officer

P.A. No. 1663

Attachment No. 12 to

Supplemental Agreement No. 3

Purchase Agreement No. 1663

United Air Lines, Inc.

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ARTICLE 8. Federal Aviation Administration Requirements.

8.1 Certificates. Boeing shall:

(a) obtain from the FAA a Type Certificate (transport category) issued pursuant to Part 21 of the Federal Aviation Regulations for the type of aircraft purchased under this Agreement, and

(b) obtain for each Aircraft at the time of delivery a Standard Airworthiness Certificate issued pursuant to Part 21 of the Federal Aviation Regulations which will permit operation of such Aircraft under Part 91 of such FARs. Buyer shall cooperate with Boeing in complying with the foregoing requirements.

Boeing shall not be obligated to obtain any other certificates or approvals for the Aircraft except as expressly provided in paragraph 2-54-00 of the Detail Specification and Article 8.5 of the Purchase Agreement.

8.2 Provisions. Boeing shall deliver each Aircraft with provisions suitable for that equipment required to be incorporated on such Aircraft as set forth in the Detail Specification, to meet those additional requirements of the Federal Aviation Regulations which (i) are generally applicable with respect to transport category aircraft to be used in United States certificated air carriage and (ii) are required to be complied with on or before the date of delivery of such Aircraft. Buyer shall cooperate with Boeing in complying with the foregoing requirements.

8.3 Changes. If any addition or change to, or modification or testing of, any Aircraft (in this Article 8 individually and collectively called "Change") is required,

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United Air Lines, Inc.

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pursuant to any law or governmental regulation or requirement or interpretation thereof by any governmental agency (in this Article any such law or governmental regulation or requirement or interpretation thereof is called a "Governmental Regulation") , whether promulgated prior to or subsequent to the date of this Agreement, in order to meet the requirements of Article 8.1 or 8.2, such Change shall be made to such Aircraft prior to delivery.

[* CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR

8.3.3 If such Change is necessary to meet the requirements of Article 8.2, Buyer shall pay Boeing's reasonable charge for such Change.

8.4 Delay and Change Order. If delivery of any Aircraft is delayed by the incorporation in such Aircraft of any Change required to be made under Article 8.3, such delay shall be an Excusable Delay within the meaning of Article 6. Boeing shall issue and Buyer shall accept a Change Order reflecting any Change required to be made under Article 8.3, which Change Order shall set forth in detail the particular Changes to be made therein and the effect, if any, of such changes on design, performance, weight, balance, time of delivery and basic price of the affected Aircraft.

P.A. No. 1663

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United Air Lines, Inc.
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Notwithstanding the provisions of Article 7.1 of this Agreement, any Change Orders issued pursuant to this Article 8.4 need not be signed by Buyer and shall be deemed to be accepted by Buyer and effective upon the date of Boeing's transmittal of such Change Order.

8.5 Discontinuance. If the use of either of the Certificates identified in Article 8.1 is discontinued during the performance of this Agreement, thereafter reference to such discontinued Certificate shall be deemed a reference to any other certificate or instrument issued by the FAA which corresponds to such Certificate, or if there should not be any such other certificate or instrument, then Boeing shall be deemed to have obtained such discontinued Certificate or Certificates upon demonstrating that each Aircraft complies with the performance guarantees set forth in this Agreement.

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Supplemental Agreement No. 3
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ARTICLE 9. Demonstration Flights and Test Data.

9.1 Demonstration Flights. Each Aircraft shall be test flown by Boeing for such periods as may be required to demonstrate to Buyer the functioning of the Aircraft and its equipment. The aggregate duration of such flights shall not be less than one and one-half (1-1/2) hours. Five (5) persons (or more if consented to by Boeing) designated by Buyer may participate in such flights as observers.

9.2 Flight Test Data. Boeing shall furnish to Buyer, as soon as practicable, flight test data, obtained on an aircraft of the type purchased hereunder, certified as correct by Boeing, to evidence compliance with any and all performance guarantees set forth in this Agreement. Any such performance guarantee shall be deemed to be met if reasonable engineering interpretations and calculations based on such flight test data establish that the Aircraft, if actually flown, would comply with such guarantee.

9.3 Use of Aircraft. Boeing may use any of the Aircraft to be purchased hereunder for flight and ground tests prior to delivery if such tests are deemed necessary by Boeing

(a) to obtain the certificates required under Article 8.1, and

(i) other aircraft of the type purchased hereunder are not available for such tests, or

(ii) special features incorporated in the Aircraft (but not incorporated in other aircraft of the type purchased hereunder) necessitate such tests, or

(iii) the Engines (as defined in Exhibit D to this Agreement) to be installed on the Aircraft are of different manufacture or type from those installed on other aircraft of the type purchased hereunder; or

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(b) to evaluate actual or contemplated changes for the improvement of aircraft of the type purchased hereunder which may be offered for incorporation, in production or by retrofit, in any Aircraft, except Boeing's use of the Aircraft as described in this subparagraph (b) shall not exceed in the aggregate ten (10) flight hours beyond that required for acceptance of the Aircraft.

9.4 Boeing Indemnity. Boeing shall indemnify and hold harmless Buyer, UAL Corporation and each of Buyer's observers from and against all claims and liabilities, including costs and expenses (including attorneys' fees) incident thereto or incident to successfully establishing the right to indemnification, for injury to or death of any person or persons, including employees of Boeing but not employees, officers or agents of Buyer or UAL Corporation, or for loss of or damage to any property, arising out of or in connection with the operation of the Aircraft during all demonstration and test flights conducted under the provisions of this Article 9 prior to delivery (and whether or not arising in tort or occasioned in whole or in part by the negligence of Buyer, UAL Corporation or any of Buyer's observers, whether active, passive or imputed).

9.5 Conformance with Detail Specification. If, during any flight or test as herein required, any of the Aircraft or any accessory, equipment or part thereon shall fail to conform to or comply with the Detail Specification or shall fail to function properly, Boeing shall promptly correct the defects and deficiencies involved and conduct such additional demonstration, flights as may be reasonably necessary to demonstrate the proper correction thereof, all without charge to Buyer, except that Buyer shall be responsible for the cost of correcting the defects and deficiencies in BFE when such defect or deficiency is not the fault of Boeing.

9.6 Inspection and Acceptance. Promptly upon the completion of its manufacture in accordance with the Detail

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Specification and upon completion of the demonstration flights provided for in Article 9.1, each Aircraft shall be submitted at Boeing's plant for final inspection and acceptance by Buyer. Upon completion of Buyer's final inspection, Buyer shall give notice to Boeing of either its (i) acceptance, (ii) qualified acceptance, or (iii) rejection of such Aircraft. If the Aircraft is rejected, Buyer shall in such notice state the reasons for its rejection, specifying in what respects such Aircraft fails to comply with the terms of this Agreement or the Detail Specification set forth therein. In the event of rejection of such Aircraft by Buyer, Boeing shall promptly notify Buyer as to Boeing's concurrence or nonconcurrence (and the extent of such nonconcurrence) with Buyer's reasons for rejection. If Boeing does not concur with Buyer's reason for rejection, the usual remedies for breach of this Agreement shall be preserved to both parties. If Boeing concurs with Buyer's reasons for rejection, then Boeing will promptly proceed to correct the conditions which were specified as the basis for rejection by Buyer and with which Boeing concurred. Upon correction of such conditions, Boeing shall, if so requested by Buyer and agreed to by Boeing (which agreement shall not be unreasonably withheld), perform, at no additional cost to Buyer, additional demonstration flights of such Aircraft as may be reasonably required to demonstrate compliance with the Detail Specification. Upon completion of any such required corrections, such Aircraft shall once again be submitted at Boeing's plant for final inspection by Buyer in accordance with the procedures stated above. If, upon such inspection, such Aircraft is not rejected as hereinabove provided, Boeing shall proceed with and Buyer will accept delivery thereof. Buyer shall indicate its acceptance or qualified acceptance by signing an acceptance certificate in the form attached hereto as Exhibit F, as the same may be amended by agreement of the parties, and no other acknowledgment or receipt of such Aircraft or its condition shall be required by Boeing or Buyer. In the event that Boeing shall not, within ninety (90) days after the month of scheduled delivery of such Aircraft, have

corrected all conditions which were specified as a basis for rejection of such Aircraft by Buyer and with which Boeing concurred, all remedies for breach of this Agreement shall be preserved to both parties. In the event Buyer qualifiedly accepts delivery but claims that there are deficiencies in or failure of such Aircraft to comply with the terms of this Agreement or the Detail Specification, such deficiencies shall be stated on the acceptance certificate (Exhibit F hereto) to the extent that Buyer may reasonably do so and may reasonably be expected to be aware of or able to ascertain the same. Any acceptance of an Aircraft pursuant to this Article 9.6 shall not impair Boeing's warranties set forth in Part A of Exhibit B.

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CUSTOMER SUPPORT DOCUMENT NO. 1663
Dated
Relating to
BOEING MODEL 777-222 "B" MARKET AIRCRAFT

This Customer Support Document is Exhibit C-1 to and forms a part of Purchase Agreement No. 1663 between The Boeing Company (Boeing) and United Air Lines, Inc. (Buyer) relating to the purchase of Boeing Model 777-222 "B" Market Aircraft. This Customer Support Document consists of the following parts:

- PART A Boeing maintenance Training Program
- PART B Boeing Customer Support Services
- PART C Boeing Flight Training Program
- PART D Technical Data and Documents
- PART E Buyer's Indemnification of Boeing and Insurance

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PART A

BOEING MAINTENANCE TRAINING PROGRAM

1. General.

This Part describes the maintenance training to be provided by Boeing (Maintenance Training) at Boeing's training facility at or near Seattle. The Maintenance Training will be provided at no additional charge to Buyer, except as otherwise provided herein.

Buyer will be responsible for the living expenses of Buyer's personnel during Maintenance Training. For Maintenance Training provided at or near Seattle, Boeing will transport Buyer's personnel between their local lodging and the training facility.

2. Maintenance Training Program.

If requested by Buyer at least 12 months prior to delivery of the first "B" Market Aircraft, Boeing agrees to provide 1 Maintenance Training course consisting of classroom training to acquaint up to 15 of Buyer's personnel with any operational, structural or systems differences between the first "B" Market Aircraft scheduled for delivery pursuant to this Agreement and the last "A" Market Aircraft for which maintenance training and/or materials were delivered by Boeing to Buyer that are significant to the maintenance of the Aircraft. Such course will be scheduled by mutual agreement of Boeing's and Buyer's maintenance training organizations.

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3. Training Materials.

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4. Training at a Facility Other Than Boeing's.

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PART B

BOEING CUSTOMER SUPPORT SERVICES

1. General

This Part describes the support services to be provided by Boeing at no additional charge to Buyer, unless otherwise specified herein. Except with respect to Field Services, the services described in this Part will be provided by Boeing during a period commencing with delivery of the first Aircraft and continuing so long as one Aircraft is regularly operated by Buyer in commercial air transport service.

2. Field Service Engineering.

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3. Additional Engineering Support Services.

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4. Special Services.

4.1 Facilities, Ground Equipment and Maintenance Planning Assistance.

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4.2 Additional Services.

Boeing may, at Buyer's request, provide additional special services with respect to the Aircraft after delivery, which may include such items as Master Changes (Kits and/or Data), training and maintenance and repair of the Aircraft. Providing such additional services will be subject to (i) mutually acceptable price, schedule and scope of work and (ii) Boeing's then-current standard contract therefor including disclaimer and release, exclusion of consequential and other damages and indemnification and insurance requirements.

4.3 Post-Delivery Aircraft Services.

If Boeing performs unanticipated work on an Aircraft after delivery of such Aircraft, but prior to its initial departure flight, or upon its return to Boeing's facilities prior to completion of such flight, the following provisions will apply:

4.3.1 Title to and risk of loss of any such Aircraft will at all times remain with Buyer.

4.3.2 The provisions of the Boeing Warranty set forth in Exhibit B of this Agreement will apply to such work.

4.3.3 Buyer will reimburse Boeing for such work to the extent not covered by the Boeing Warranty applicable to the Aircraft.

4.3.4 The Disclaimer and Release and Exclusion of Consequential and Other Damages provisions set forth in Article 12 of this Agreement and the indemnification and insurance provisions set forth in this Exhibit C-1 will apply to such Boeing work.

4.3.5 In performing such work, Boeing may rely upon the commitment authority of Buyer's personnel requesting such work.

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5. Additional Informational Services.

Boeing may, from time to time, provide Buyer with additional services in the form of information about the Aircraft or other aircraft of the same type, including information concerning design, manufacture, operation, maintenance, modification, repair and in-service experience.

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PART C

BOEING FLIGHT TRAINING PROGRAM

1. General.

This Part describes the flight training to be provided by Boeing (Flight Training) at or near Seattle, or at some

other location to be determined pursuant to this Part. The Flight Training will be provided at no additional charge to Buyer, except as otherwise provided herein.

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2. Flight Training Program.

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3. Training Materials.

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4. Training at a Facility Other Than Boeing.

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PART D

TECHNICAL DATA AND DOCUMENTS

1. General.

Boeing will furnish to Buyer the data and documents set forth herein at no additional charge to Buyer, unless otherwise specified herein. Such data and documents will, where applicable, be prepared essentially in accordance with the provisions of Revision 28 to Air Transport Association of America Specification No. 100, dated June 1, 1956, entitled "Specification for Manufacturers' Technical Data," with the specific exception of the Illustrated Parts Catalog, which will be prepared essentially in accordance with the provisions of Revision 28 thereto. Such data and documents are only intended to provide Buyer with pertinent information on components, equipment and installations designed by Boeing for aircraft of the same model type as the Aircraft. Such data and documents will be in English and in the units of measure used by Boeing, except as otherwise specified herein or as may be required to reflect Aircraft instrumentation.

2. Treatment of Data and Documents.

2.1 The data and documents provided by Boeing under this Agreement ("Documents") are licensed to Buyer. They contain confidential, proprietary and/or trade secret information belonging to Boeing; and Buyer will treat them in confidence and use and disclose them only for Buyer's own internal purposes as specifically authorized herein. If Buyer makes copies of any Documents, the copies will also belong to Boeing and be treated as Documents under this Agreement. Buyer will preserve all restrictive legends and proprietary notices on all Documents and copies.

2.2 All Documents will only be used: (a) for the purpose of maintenance, repair, or modification of an Aircraft or spare part as permitted in the Spare Parts GTA or Customer Services GTA between Buyer and Boeing, and then only in connection with an Aircraft or spare part for which the Document in question is tabulated or identified by Boeing serial number, and (b) for the

purpose of Buyer's own development and manufacture of training devices for use by Buyer, in connection with the Aircraft.

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2.3 Any Document may be provided to Buyer's contractors for maintenance, repair, or modification of the Aircraft; and Airplane Flight Manuals, Operations Manuals, Maintenance Manuals, Wiring Diagram Manuals, Systems Schematics Manuals, and assembly and installation drawings may be provided to Buyer's contractors for development and manufacture of training devices for use by Buyer, but in both cases, only if Buyer's contractor is, at the time of transfer of Documents, bound by a Boeing Customer Services GTA, or other appropriate proprietary information protection agreement with Boeing, applicable to the Documents.

3. Document Formats and Quantities.

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4. Revision Service.

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5. Supplier Technical Data.

Boeing will continue to maintain the supplier data program referred to in the purchase agreement or purchase agreement supplement under which data and documents for Buyer's "A" Market Aircraft were originally provided to Buyer. As indicated in such prior purchase agreement or supplement, the provisions of such supplier data program are not applicable to items of Buyer Furnished Equipment.

6. Additional Data and Documents.

If Boeing provides data or documents other than Documents which are not covered by a Boeing Customer Services GTA or other proprietary information protection agreement between Boeing and Buyer, all such data and documents will be considered things delivered under this Agreement and treated as Documents.

7. Buyer's Shipping Address.

Boeing will ship the Documents furnished hereunder to Buyer's shipping address for data and documents previously provided to Boeing. Buyer shall promptly notify Boeing of any change to such address.

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PART E

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A. FLIGHT OPERATIONS:

- | | | | |
|---|---|--|--|
| 1. Airplane Flight Manual | | | [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] |
| Note: An Additional copy is placed aboard each airplane at delivery as required by FAR's. | | | |
| 2. Operations Manual and 1 Mag Tape | * | | * |
| 3. Weight and Balance Control and Loading Manual | * | | * |
| 4. Dispatch Deviation Procedures Guide | * | | * |
| 5. Flight Crew Training Manual | * | | * |
| 6. Performance Engineer's Manual | * | | * |
| 7. Baggage/Cargo Loading Manual and 1 Mag Tape | * | | * |
| 8. Fault Reporting Manual and 1 Mag Tape | * | | * |
| 9. Jet Transport Performance Methods (total quantity - all models) | * | | * |

10. FMC Supplemental *
Data *

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11. Operational Performance Software (OPS)

a. Inflight and Report [*CONFIDENTIAL MATERIAL OMITTED
Programs AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST
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b. Airplane
Performance
Monitoring
(APM/HISTORY)

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B. MAINTENANCE

1. Maintenance Manual * [*CONFIDENTIAL MATERIAL OMITTED AND
Part I 8 Printed 2 FILED SEPARATELY WITH THE SECURITIES
Sides AND EXCHANGE COMMISSION PURSUANT TO A
Part II 6 Printed * REQUEST FOR CONFIDENTIAL TREATMENT
2 Sides

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2. Wiring Diagram [*CONFIDENTIAL MATERIAL OMITTED AND FILED
Manual SEPARATELY WITH THE SECURITIES AND EXCHANGE
and 1 Mag Tape COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

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3. System Schematics
Manual and 1 Mag
Tape

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4. Ramp Maintenance Manual
and 1 Mag Tape

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AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT]

5. Fault Isolation *
Manual (if separate) *
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6. Structural Repair *
Manual and 1 Mag Tape *

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7. Component *
Maintenance/
Overhaul Manuals *
and 1 Mag Tape *

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8. Chapter 20 Standard *
Overhaul Practices *
Manual *
(total quantity-all *
models) and 1 Mag Tape *

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9. Chapter 20 Standard *
Wiring *
Practices Manual *
(total quantity-all *
models) and 1 Mag Tape *

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10. Non-Destructive
Test Manual
and 1 Mag Tape

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AND EXCHANGE COMMISSION PURSUANT TO A
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11. Service *
Bulletins *
and 1 Digital

*

12. Service *
Bulletins Index

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13. Corrosion *
Prevention Manual *
and 1 Mag Tape *

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*
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- 14. Fuel Measuring
Stick Calibration
Document (In Maintenance
Manual) * *
- 15. Power Plant *
Buildup Manual *
and 1 Mag Tape *
- 16. In-Service *
Activity Report *
- 17. Significant *
Service Item *
Summary *
- 18. All Operators *
Letters *
- 19. Service Letters *
Index *
- 20. Service Letters *
Index *
- 21. Structural Item *
Interim Advisory *
- 22. Maintenance *
Tips *

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C. MAINTENANCE PLANNING

- 1. Maintenance [*CONFIDENTIAL MATERIAL OMITTED AND FILED
Planning Data SEPARATELY WITH THE SECURITIES AND EXCHANGE
Documents COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
and 1 Mag Tape TREATMENT]
- 2. Maintenance *
Task Cards *
- 3. Maintenance *
Inspection *
Intervals Report *
(total quantity-
all models)

D. SPARES

- 1. Illustrated *
Parts Catalog *
(Select one *
format only) *
and 1 Mag Tape *
- 2. Standards Books *
a. Index *
* *
b. Parts *
Standards *
* *

- c. Parts Specifications *
* *
- d. Standards for Repair *
* *
- e. Obsolete Standards *
* *

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f. Commercial Markers [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

g. Commercial Markers + *

h. Passenger Cabin Symbology (Commercial Placards) *
* *

i. Process Standards *
* *

j. Material Standards *
* *

k. Drafting Standards Practices *
* *

l. Specification Support Standards *
* *

E. FACILITIES AND EQUIPMENT PLANNING

1. Facilities and Equipment Planning Document *

2. Special Tool and Ground Handling Equipment Drawings *
* *

3. Special Tool and Ground Handling Equipment Drawings Index *

4. Supplementary Tooling Documentation (total quantity - all models) [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
5. System Test Equipment Document
6. Illustrated Tool and Equipment List Manual and 1 Mag Tape * *
7. Airplane Recovery Document * *
8. Airplane Characteristics for Airport Planning * *
9. Crash, Fire and Rescue Document * *
10. Engine Handling Document * *

F. COMPUTER SOFTWARE DOCUMENTATION FOR AIRBORNE COMPONENTS

Computer Software Index * *

G. SUPPLIER TECHNICAL DATA

Product Support Supplier Directory (total quantity - all models) * *

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Attachment No. 15

1663-5A

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666

Subject: Letter Agreement No. 1663-5A to Purchase Agreement No. 1663 - [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

Reference is made to Purchase Agreement No. 1663 dated as of even date herewith (the Purchase Agreement) between The Boeing Company (Boeing) and United Air Lines, Inc. (United) relating to the sale by Boeing and the purchase by United of thirty-four (34) Model 777-222 aircraft (hereinafter referred to as the Aircraft).

All terms used herein and in the Purchase Agreement, and not defined herein, shall have the same meaning as in the Purchase Agreement.

1. [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. "B" Market Option Aircraft Description.

2.1 Each "B" Market Option Aircraft (hereinafter "Option Aircraft") will be powered by PW4090 engines. Such Option Aircraft will be manufactured in accordance with Boeing Detail

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], as defined in Exhibit A-2 to the Purchase Agreement, as amended or revised to incorporate (i) the changes developed for Boeing's basic Model 777-200 aircraft between the date of this Letter Agreement and the execution of a definitive agreement to purchase the Option Aircraft, (ii) changes made pursuant to Article 7 of the Purchase Agreement and (iii) any changes required pursuant

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to any law or governmental regulation or requirement or any interpretation thereof by any governmental agency, in order to obtain a Standard Certificate of Airworthiness. Changes to the Detail Specification incorporated pursuant to the provisions of clauses (i), (ii), and (iii) above shall include the effects of such changes upon Option Aircraft basic price, purchase price, weight, balance, design and performance.

3. Price.

3.1 Base Price.

The basic price of each Option Aircraft is [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The basic price above includes the prices of Engine (as defined below) as set forth in Exhibit D to the Purchase Agreement. Such Engine prices are used for reference purposes only. It is understood and agreed that the basic price set forth above and the price adjustment provisions set forth in Exhibit D to the Purchase Agreement will be revised by Boeing to incorporate the price and price adjustment provisions, if necessary, when the engine manufacturer (P&WA) establishes such prices and provisions for such Engines.

3.1.1 Basic Price. The basic price of each Option Aircraft shall be the applicable basic price set forth in 3.1 above,

(A) increased or decreased by Boeing's then current prices for Buyer's special features incorporated in the applicable Detail Specification as of the date of execution of a definitive agreement to purchase such Option Aircraft,

(B) adjusted to reflect the price effects of the changes referred to in clauses (i), (ii) and (iii) of paragraph 2 herein,

(C) adjusted for any changes mutually agreed upon subsequent to the date that Buyer and Boeing enter into a definitive purchase agreement for the Option Aircraft and,

(D) adjusted to reflect the price effect of changes referred to in paragraphs 2 or 3.

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3.2 Purchase Price.

The purchase price of each Option Aircraft shall be the applicable basic price thereof at the time of Option Aircraft delivery adjusted for economic fluctuations in accordance with the provisions of Airframe Price Adjustment and the Engine Price Adjustment for "B" Market Aircraft contained in Exhibit D to the Purchase Agreement.

4. Payment.

4.1 Advance Payment Base Price.

The option Aircraft advance payment base price depending on the month and year of scheduled delivery are set forth below.

Month and year of Scheduled Delivery	Advance Payment Base Price per Option Aircraft
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	Advance Payment Base
Month and year of Scheduled Delivery	Price per Option Aircraft

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Each such advance payment base price shall be adjusted to reflect the price effects of the changes referred to in paragraph 3.1 herein and for the effects of escalation on the price of any such change utilizing Boeing's then current advance payment escalation factor applicable for the month and year of such Option Aircraft delivery.

The advance payment base price of each Option Aircraft, including any such adjustments thereto, is hereinafter referred to as the "advance payment base price".

4.2 The advance payment base prices of each Option Aircraft determined in accordance with paragraph 4.1 have been established using currently available forecasts of the escalation factors used by Boeing and applicable to the scheduled month and year of Option Aircraft delivery. Such advance payment base prices will be increased or decreased, as appropriate, at the time of signing of the definitive purchase agreement, using the then-current forecasted escalation factors used by Boeing, to determine the amount of the first advance payment to be made by Buyer on each Option Aircraft.

The advance payment base prices will be further increased or decreased by Boeing not later than twenty-five (25) months prior to the scheduled month of delivery, as required to reflect the effects of (i) any adjustments in the basic prices of such Option Aircraft, as determined in accordance with the provisions of the definitive purchase agreement, and (ii) the then-current forecasted escalation factors used by Boeing.

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4.4 Advance Payments.

Buyer shall pay to Boeing advance payments for each Option Aircraft on the dates determined pursuant to the schedule below in amounts equal to the product of (i) the percentages indicated in such schedule (each expressed as a decimal), and (ii) the Advance Payment Base Price adjusted as of the date the advance payment is due Boeing.

	Amount Due per Option Aircraft (Percentage times Advance Payment Base Price)
Due Date of Payment	

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P.A. No. 1663

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THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A
REQUEST FOR CONFIDENTIAL TREATMENT]

Each of the foregoing advance payments will be credited against the purchase price of the appropriate Option Aircraft and the balance of such purchase price will be due upon Option Aircraft delivery.

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REQUEST FOR CONFIDENTIAL TREATMENT]

P.A. No. 1663
K/UAL

Attachment No. 15
United Air Lines, Inc.
1663-5A Page 7

5. Option Exercise.

5.1 In the event Buyer elects to purchase an Option Aircraft under the provisions contained herein Buyer shall exercise its option by giving written or telegraphic notice to Boeing of such election and specifying the month and year of delivery of such Option Aircraft on or before [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] prior to the first day of the scheduled delivery month of such Option Aircraft.

5.2 [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6. Contract Terms.

From time to time, Buyer may request Boeing by written or telegraphic notice, to provide for specified Option Aircraft, a supplemental agreement setting forth the price for such specified Option Aircraft. Boeing shall provide such supplemental agreement not later than fifteen (15) days following the request by Buyer. Such supplemental agreement shall confirm that the applicable terms and conditions contained herein and (to the extent not inconsistent herewith) in the remainder of Purchase Agreement No. 1663, as amended and supplemented by Letter Agreements thereto, shall govern the rights and obligations of Boeing and buyer in connection with the purchase of the Option Aircraft subject thereto. If Buyer desires to exercise its option to purchase one or more Option Aircraft, Boeing and Buyer shall execute the supplemental agreement evidencing the option exercise on or before the option exercise date for the applicable Option Aircraft.

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7. Effect of Failure to Exercise or Cancellation.

In the event of any failure to execute a supplemental agreement on or before the option exercise date for any Option Aircraft, all rights and obligations of Boeing and Buyer with respect to the Option Aircraft so affected shall thereupon terminate and be without further force and effect, except that Boeing will promptly refund to Buyer, without interest, all advance payments, less the Deposits, received by Boeing from Buyer pursuant to paragraph 4 above for such Option Aircraft.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

By

Its

ACCEPTED AND AGREED TO THIS

Date: , 1995

UNITED AIR LINES, INC.

By

Its

P.A. No. 1663

K/UAL

Attachment No. 16 to

Supplemental Agreement No. 3

Purchase Agreement No. 1663

Page 1

Aircraft Loadability for the "B" Market Aircraft

For the purpose of flexible operational loadability, the "B" Market Aircraft as defined in Exhibit A-2 to the Purchase Agreement shall not exceed the center of gravity loading limits defined in subparagraph A below. The following assumptions shall be utilized in the analysis:

Configuration specification, Rev. T, UAL 303 passenger TRI Class (ICX-6115A) interior configuration with changes per UAL Detail Specification, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUESTS FOR CONFIDENTIAL TREATMENT], plus PW 4090 engines, and 632,500 MTOW.

Passenger weight including carry-on baggage weight allowance of 195 lbs. each.

Passenger check baggage weight allowance of 65 lbs. per passenger.

Cargo capacity as determined by container and bulk pit usable volume and a cargo density of ten (10) lbs. per cubic foot.

A. The loading limit restrictions shall be:

- (1) Fwd limit = 0.15 (Nx) (195) (p-pf)
- (2) Rear Limit = 0.15 (Nx) (195) (p-pf)

where:

Nx = max passenger count in the coach class section of the airplane

P = centroid of the passenger seats in the coach class section

pf = centroid of those passenger seats in the coach class section that are forward of "p"

pr = centroid of those passenger seats in the coach class section that are aft of "p"

The above restrictions shall be further increased by applicable movement of crew, passengers, landing gear, flaps and slats.

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SA-3-1

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Page 2

B. Inflight loading limits shall be the aerodynamic center of gravity limits restricted by the loading limit estimate plus the effect of fuel loading and burnout cases. The fuel loading and burnout cases shall be as many points in the fuel management schedule as constitute adverse forward and rear balance cases. FAR minimum reserve and full fuel shall be particular points of compliance.

C. Loading assumptions shall include the following passenger load factor combination.

- (1) 30% FC/40% BC/100% EC
- (2) 100% FC/100% BC/30% EC
- (3) 100% FC/100% BC/100% EC

Cargo loading assumes a full compliment of LD-3 containers (158 cu ft/cont - 18 in the forward hold and 14 in the aft hold). Cargo distribution extremes shall assume a front hold to rear hold total weight ratio of 1.5 to 1 or 1 to 1.5. For this analysis, the forward loading case will have 28,440 lb. in the forward hold, 18,960 lb. in the aft hold and 6,000 lb. in the bulk cargo pit. Aft loading cases shall have 14,746 in the forward hold, 22,120 in the aft hold and 6,000 lb. in the bulk cargo pit. Combined front and combined rear pit centroids shall be used. Baggage allowance shall be employed only to validate that passengers and bags can be carried.

To preclude the aircraft from tipping on its tail, the Aircraft center of gravity shall be at least six (6) inches forward of the centerline of the main landing gear axles under both of the following cases:

- (1) Manufacturer's empty weight, plus
- (2) Standard items as set forth in UAL Detail Specification, [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], plus

(3) FAR minimum reserve fuel, or 26,000 lb. whichever is higher.

D. Where Aircraft weight and center of gravity are determined by:

- (1) Operating empty weight, plus
- (2) Critical passenger load, relocated aft as per emergency evacuation, plus

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(3) Tail heavy cargo distribution (assumes a full compliment of LD-3 containers) of 1 lb. in the forward hold for every 2 lb. in the aft hold. For this analysis: 22,120 lb. in the aft hold, 6,000 lb. in the bulk cargo pit, and 11,060 in the forward hold.

(4) FAR minimum reserve fuel or 26,000 lb. whichever is higher.

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K/UAL
Attachment No. 17
6-1162-RCN-926

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666

Subject: Letter Agreement No. 6-1162-RCN-926
Purchase Agreement No. 1663
[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

Reference is made to Purchase Agreement No. 1663 dated as of even date herewith (the Purchase Agreement) between The Boeing Company (Boeing), and United Air Lines, Inc. (United) relating to the sale by Boeing and the purchase by United of thirty-four (34) Model 777-222 aircraft (hereinafter referred to as the Aircraft).

This letter, when accepted by Buyer will become part of the Purchase Agreement and will evidence our further agreement with respect to the matters set forth below.

All terms used herein and in the Purchase Agreement, and not

defined herein, shall have the same meaning as in the Purchase Agreement.

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

P.A. No. 1663
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Attachment No. 17
United Air Lines, Inc.
6-1162-RCN-926 Page 2

1. Definitions

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. Privileged and Confidential Treatment.

Buyer understands and agrees that this Letter Agreement is considered by Boeing to be privileged and confidential. Buyer agrees that it will treat this Letter Agreement and the information contained herein as privileged and confidential and will not, without the prior written consent to Boeing, disclose this Letter Agreement or any information contained herein to any entity or person.

6. Assignment.

Neither party may assign this Letter Agreement or any portion or rights or obligations thereof without the express written approval of the other party.

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Attachment No. 17
United Air Lines, Inc.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /s/ R. C. Nelson
Its Attorney-in-Fact

ACCEPTED AND AGREED TO THIS

Date: October 27, 1990

UNITED AIR LINES, INC.

By /s/ Douglas A. Hacker

Its Senior Vice President and
Chief Financial Officer

Supplemental Agreement No. 7

to

Purchase Agreement No. 1670

between

THE BOEING COMPANY

and

UNITED AIR LINES, INC.

Relating to Boeing Model 747-422 Aircraft

This SUPPLEMENTAL AGREEMENT, entered into as of the 29th day of December 1995, by and between THE BOEING COMPANY, a Delaware corporation (hereinafter called Boeing), and UNITED AIR LINES, INC., a Delaware corporation, and UNITED WORLDWIDE CORPORATION (collectively hereinafter called Buyer);

W I T N E S S E T H:

WHEREAS, the parties entered into that certain Purchase Agreement No. 1670, dated as of December 18, 1990, relating to the purchase and sale of Boeing Model 747-422 aircraft (hereinafter referred to as "The Aircraft", or the "Firm Aircraft", "Reconfirmation Aircraft" or the "Option Aircraft", as such capitalized terms, and any other capitalized terms used herein, unless otherwise specifically defined herein, are defined in the "Purchase Agreement" (as such term is defined below)), which agreement, as amended and supplemented, together with all exhibits, specifications and letter agreements related or attached thereto, is hereinafter called the "Purchase Agreement" and;

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

P.A. No. 1670 SA 6-1

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree to amend the Purchase Agreement as follows:

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Article 5, entitled Payment, paragraph 5.1, entitled Advance Payment Base Price, is hereby deleted and replaced with a new paragraph 5.1, which includes the revised Advanced Payment Base Prices for the [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Aircraft. Such revised paragraph is attached hereto as Attachment 2 and incorporated into the Purchase Agreement by this reference.

3. The first sentence in paragraph no. 11 of Letter Agreement No. 6-1162-DLJ-891R2 entitled [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is hereby deleted and replaced with the following sentence: "Aircraft in Article 2.1 of the Purchase Agreement scheduled for delivery after [*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]"

4. The following "Months to be Utilized in Determining the Value of H & W" are hereby added to the table on page 3 of Exhibit D, entitled Price Adjustment due to Economic Fluctuations.

Month of Scheduled Aircraft Delivery as Set Months to be Utilized

[Conf.Treat.Req.] [Conf.Treat.Req.]
[Conf.Treat.Req.] [Conf.Treat.Req.]
[Conf.Treat.Req.] [Conf.Treat.Req.]

[Conf.Treat.Req.] [Conf.Treat.Req.]
[Conf.Treat.Req.] [Conf.Treat.Req.]
[Conf.Treat.Req.] [Conf.Treat.Req.]
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[Conf.Treat.Req.] [Conf.Treat.Req.]
[Conf.Treat.Req.] [Conf.Treat.Req.]
[Conf.Treat.Req.] [Conf.Treat.Req.]
[Conf.Treat.Req.] [Conf.Treat.Req.]
[Conf.Treat.Req.] [Conf.Treat.Req.]

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

P.A. No. 1670 1-1

Attachment 1 to Supplemental Agreement No. 7

If Boeing gives Buyer at least ten (10) days' advance notice of the delivery date for an Aircraft, and delivery is delayed beyond such date due to Buyer's fault or responsibility, Buyer shall promptly reimburse Boeing for all costs and expenses incurred by Boeing as a result of such delay, including but not limited to reasonable amounts for storage, insurance, taxes, preservation or protection of the Aircraft, and interest on payments due.

P.A. No. 1670 1-2

Attachment 2 to Supplemental Agreement No. 7

ARTICLE 5. Payment.

5.1 Advance Payment Base Price. The advance payment base price of each Aircraft, depending on the month and year of scheduled delivery, is indicated below:

Month and Year of Scheduled Delivery	Advance Payment Base Price per Aircraft
August 1992	[Conf.Treat.Req.]
October 1992	[Conf.Treat.Req.]
December 1992	[Conf.Treat.Req.]
April 1993	[Conf.Treat.Req.]
August 1993	[Conf.Treat.Req.]
November 1993	[Conf.Treat.Req.]
June 1994 *	[Conf.Treat.Req.]
July 1994 *	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]
[Conf.Treat.Req.]	[Conf.Treat.Req.]

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Such advance payment base prices will be used to determine the amount of the first advance payment to be made by Buyer on each Aircraft pursuant to the provisions of Article 5.2. The advance payment base prices of each Aircraft has been established using currently available forecasts of the escalation factors used by Boeing and applicable to the scheduled month and year of Aircraft delivery. The advance payment base prices will be further increased or decreased by Boeing not later than twenty-five (25) months prior to the scheduled month of delivery, as required to reflect the effects of the then-current forecasted escalation factors used by Boeing in accordance with Exhibit D. The advance payment base price of each Aircraft, including any adjustments made thereto, as contemplated herein, is referred to as the "Advance Payment Base Price."

AMENDMENT No. 4

TO THE A320 PURCHASE AGREEMENT
dated as of August 10, 1992

between

ASVA, S.A.R.L.,

and

UNITED AIR LINES, INC.

This Amendment No. 4 (hereinafter referred to as the "Amendment") is entered into as of November 27, 1995, by and between AVSA, S.A.R.L., a societe a responsabilite limitee organized and existing under the laws of the Republic of France, having its registered office located at 2, Rond Point Maurice Bellonte, 31700 Blagnac (France) (hereinafter referred to as the "Seller"), and UNITED AIR LINES, Inc., a corporation organized and existing under the laws of the State of Delaware, United States of America, having its principal corporate offices located at 1200 East Algonquin Road, Elk Grove Village, Illinois 60007 (hereinafter referred to as the "Buyer").

WITNESSETH:

WHEREAS, the Buyer and the Seller have entered into an A320 Purchase Agreement, dated as of August 10, 1992 (which agreement, as previously amended by and supplemented with all Exhibits, Appendices, Letter Agreements, and Amendments attached thereto is hereinafter called the "Agreement"), which Agreement relates to the sale by the Seller and the purchase by the Buyer of certain firmly ordered Airbus Industrie A320-200 model aircraft (the "Aircraft") and certain Airbus Industrie A320-200 model option aircraft (the "Option Aircraft"). Amendment No. 1 to the Agreement was signed on November 24, 1993. Amendment No. 2 to the Agreement was signed on April 22, 1994. Amendment No. 3 to the Agreement was signed on March 31, 1995.

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

WHEREAS, capitalized terms used herein and not otherwise defined in this Amendment shall have the meaning assigned to them in the Agreement. The terms "herein," "hereof," and "hereunder" and words of similar import refer to this Amendment.

A320 - United Airlines Amdt. 4-1
NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

[*CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. EFFECT OF AMENDMENT

The Agreement shall be deemed amended to the extent herein provided, and, except as specifically amended hereby, shall continue in full force and effect in accordance with its original terms.

5. CONFIDENTIALITY

Subject to any legal or governmental requirements of disclosure, the Parties (which for this purpose shall include their employees, agents and advisors) shall maintain strictly confidential the terms and conditions of this Amendment and any information, reports or other data furnished hereunder or in connection with the negotiation of this Amendment. Without limiting the generality of the foregoing, the Buyer shall use its best efforts to limit the disclosure of the contents of this Amendment to the extent legally permissible in any filing required to be made by the Buyer with any Governmental agency and shall make such applications as shall be necessary to implement the foregoing. The Buyer and the Seller shall consult with each other prior to the making of any public disclosure or filing permitted hereunder of this Amendment or the terms and conditions hereof. Each party will inform the other of receipt of any legal demand, whether by subpoena, discovery request or otherwise, for disclosure of this Amendment or its contents. The provisions of this paragraph 4 shall survive any termination of this Amendment.

If the Foregoing correctly sets forth our understanding, please

indicate your acceptance by signing in the space provided below.

Agreed and Accepted
UNITED AIR LINES, INC.

Agreed and Accepted
AVSA, S.A.R.L.

By: /s/ Douglas Hacker

By: /s/ Christophe Mourey

Its: Senior Vice President and
Chief Financial Officer

Its: Chief Executive Officer

Date: 11/27/95

Date:

UAL Corporation and Subsidiary Companies

Calculation of Fully Diluted Net Earnings Per Share
(In Millions, Except Per Share)

	Year Ended December 31		
	1995	1994(1)	1993(1)
	----	-----	-----
Earnings or loss:			
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	\$ 349	\$ 14	\$ (31)
Interest on convertible debentures, net of income tax	23	-	2
	-----	-----	-----
Earnings (loss) before extraordinary item and cumulative effect of accounting changes for fully diluted calculation	372	14	(29)
Extraordinary loss on early extinguishment of debt	(29)	-	(19)
Cumulative effect of accounting changes	-	(25)	-
	-----	-----	-----
Net earnings (loss) for fully diluted calculation	<u>\$ 343</u>	<u>\$ (11)</u>	<u>\$ (48)</u>
	=====	=====	=====
Shares:			
Average number of shares of common stock outstanding during the year	12.4	18.8	24.3
Average number of shares of ESOP preferred stock outstanding during the year	3.0	0.3	-
Additional shares assumed issued at the date of issuance for conversion of convertible preferred stock	-	-	3.4
Additional shares assumed issued at the beginning of the year for conversion of convertible debentures	2.0	-	0.1
Additional shares assumed issued at the beginning of the year (or at the date of issuance) for exercises of dilutive stock options and stock award plans (after deducting shares assumed purchased under the treasury stock method)	0.5	0.3	0.6
	-----	-----	-----
Average number of shares for fully diluted calculation	<u>17.9</u>	<u>19.4</u>	<u>28.4</u>
	=====	=====	=====
Fully diluted per share amounts:			
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	\$20.74	\$ 0.74	\$ (1.02)
Extraordinary loss on early extinguishment of debt	(1.63)	-	(0.66)
Cumulative effect of accounting changes	-	(1.33)	-
	-----	-----	-----
Net earnings (loss)	<u>\$19.11</u>	<u>\$(0.59)</u>	<u>\$ (1.68)</u>
	=====	=====	=====

(1) This calculation is submitted in accordance with Regulation S-K item 601(b)(11), although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces an antidilutive result.

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Year Ended December 31				
	1995	1994	1993	1992	1991
	-----	-----	-----	-----	-----
	(In Millions)				
Earnings:					
Earnings (loss) before income taxes and extraordinary items	\$ 621	\$ 171	\$ (47)	\$ (656)	\$(508)
Undistributed income of affiliate	(38)	(19)	-	(27)	(4)
Fixed charges, from below	1,239	1,052	1,109	1,001	749
Interest capitalized	(42)	(41)	(51)	(92)	(91)
	-----	-----	-----	-----	-----
Earnings	\$1,780	\$1,163	\$1,011	\$ 226	\$ 146
	=====	=====	=====	=====	=====
Fixed charges:					
Interest expense	\$ 399	\$ 372	\$ 358	\$ 329	\$ 211
Interest expense on affiliate's guaranteed debt	-	-	5	-	-
Portion of rental expense representative of the interest factor	840	680	746	672	538
	-----	-----	-----	-----	-----
Fixed charges	\$1,239	\$1,052	\$1,109	\$1,001	\$ 749
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges	1.44	1.10	(a)	(a)	(a)
	=====	=====	=====	=====	=====

(a) Earnings were inadequate to cover fixed charges by \$98 million in 1993, \$775 million in 1992 and \$603 million in 1991.

UAL Corporation and Subsidiary Companies
 Computation of Ratio of Earnings to Fixed Charges
 and Preferred Stock Dividend Requirements

	1995	Year Ended December 31			1991
	-----	1994	1993	1992	-----

		(In Millions)			
Earnings:					
Earnings (loss) before income taxes and extraordinary items	\$ 621	\$ 171	\$ (47)	\$ (656)	\$(508)
Undistributed income of affiliate	(38)	(19)	-	(27)	(4)
Fixed charges and preferred stock dividend requirements, from below	1,326	1,184	1,159	1,001	749
Interest capitalized	(42)	(41)	(51)	(92)	(91)
	-----	-----	-----	-----	-----
Earnings	\$1,867	\$1,295	\$1,061	\$ 226	\$ 146
	=====	=====	=====	=====	=====
Fixed charges:					
Interest expense	\$ 399	\$ 372	\$ 358	\$ 329	\$ 211
Interest expense on affiliate's guaranteed debt	-	-	5	-	-
Preferred stock dividend requirements	87	132	50	-	-
Portion of rental expense representative of the interest factor	840	680	746	672	538
	-----	-----	-----	-----	-----
Fixed charges and preferred stock dividend requirements	\$1,326	\$1,184	\$1,159	\$1,001	\$ 749
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.41	1.09	(a)	(a)	(a)
	=====	=====	=====	=====	=====

 (a) Earnings were inadequate to cover fixed charges and preferred stock dividend requirements by \$98 million in 1993, \$775 million in 1992 and \$603 million in 1991.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended December 31				
	1995	1994	1993	1992	1991
	----- (In Millions, Except Per Share) -----				
Operating revenues	\$14,943	\$13,950	\$13,325	\$11,853	\$10,706
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	378	77	(31)	(417)	(332)
Extraordinary loss on early extinguishment of debt, net of tax	(29)	-	(19)	-	-
Cumulative effect of accounting changes, net of tax	-	(26)	-	(540)	-
Net earnings (loss)	349	51	(50)	(957)	(332)
Per share amounts, fully diluted:					
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	20.74	0.76	(2.64)	(17.34)	(14.31)
Extraordinary loss on early extinguishment of debt	(1.63)	-	(0.76)	-	-
Cumulative effect of accounting changes	-	(1.37)	-	(22.41)	-
Net earnings (loss)	19.11	(0.61)	(3.40)	(39.75)	(14.31)
Total assets at year-end	11,641	11,764	12,840	12,257	9,876
Long-term debt and capital lease obligations, including current portion, and redeemable preferred stock at year-end	4,102	4,077	3,735	3,783	2,533

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

This section contains forward-looking statements which are identified with an asterisk (*). Factors that could significantly impact the expected results implied in the forward-looking statements are listed in the last paragraph of the section, "Outlook for 1996."

On July 12, 1994, the shareholders of UAL Corporation ("UAL") approved a plan of recapitalization that provides an approximately 55% equity and voting interest in UAL to certain employees of United Air Lines, Inc. ("United") in exchange for wage concessions and work-rule changes. The employees' equity interest is being allocated to individual employee accounts through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as a part of the recapitalization. Since the ESOP shares are being allocated over time, the current ownership interest held by employees is substantially less than 55%. The entire ESOP voting interest is currently exercisable, which generally will be voted by the ESOP trustee at the direction of, and on behalf of, the employees participating in the ESOPs.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity -

UAL's total of cash and cash equivalents and short-term investments was \$1.143 billion at December 31, 1995, compared to \$1.532 billion at December 31, 1994. Operating activities during the year generated \$1.624 billion. Cash was used primarily to repay long-term debt, reacquire preferred stock, reduce short-term borrowings and fund net additions to property and equipment. In addition to the early extinguishment of \$750 million in principal amount of various debt securities, UAL made mandatory repayments of long-term debt totalling \$102 million. Payments under capital lease obligations amounted to \$80 million during the year and short-term borrowings were reduced by \$269 million. In addition, UAL spent \$131 million to repurchase Series B preferred stock to be held in treasury.

In 1995, United took delivery of eight new Airbus A320 aircraft and eight new Boeing B777 aircraft, financed primarily through lease transactions. Four of the B777s were purchased and then sold and leased back under operating leases. Of the remaining new aircraft acquired, eight were acquired under operating leases and four under capital leases. In addition, United acquired 39 previously leased aircraft, 9 B727s, 24 B737s and 6 DC-10s, upon termination of operating leases. Including these aircraft, total property additions amounted to \$1,111 million. Property dispositions, including the sale and leaseback of the four B777 aircraft, resulted in proceeds of \$578 million.

As of December 31, 1995, UAL had a working capital deficit of \$1.390 billion as compared to \$1.714 billion at December 31, 1994. Historically, UAL has operated with a working capital deficit and, as in the past, UAL

expects to meet all of its obligations as they become due. In addition, UAL may from time to time repurchase on the open market, in privately negotiated purchases or otherwise, debentures or preferred stock as part of its efforts to reduce its obligations and improve its balance sheet.

In April 1995, UAL issued \$600 million in principal amount of 6 3/8% convertible subordinated debentures, due 2025, in exchange for all of the outstanding shares of its Series A cumulative 6.25% convertible preferred stock. The debentures are convertible into a combination of \$541.90 in cash and approximately 3.192 shares of UAL common stock (equivalent to a conversion price of \$143.50 per share of common stock) for each \$1,000 in principal amount. The debentures are redeemable at any time on or after May 1, 1996, at UAL's option, initially at a redemption price of 104.375% of the principal amount, declining ratably to 100% of the principal amount over seven years. UAL may only exercise this option if the closing price of its common stock exceeds \$172.20 for at least 20 of 30 consecutive trading days preceding the notice of redemption, including the last trading day. In January 1996, UAL announced that it is weighing the possibility of redeeming the debentures on or after May 1, 1996, as part of its efforts to reduce its obligations. The decision to redeem the debentures will depend on financial markets and other conditions, including the condition outlined above. If UAL issues a notice of redemption, holders may still convert their debentures through the business day preceding the redemption date. If the redemption date is May 1, 1996, or on or after any other interest payment date and prior to the next interest payment record date, holders who convert will not be entitled to any interest on the debentures.

In the second quarter of 1995, United repaid all \$269 million of its outstanding short-term borrowings. However, United continues to have the ability to borrow up to \$270 million under this commercial paper facility through February 1997.

Prior Years -

Operating activities in 1994 generated cash flows of \$1.334 billion, which was offset by the distribution of \$2.1 billion to holders of old UAL common stock under the recapitalization. This distribution was partially funded by net proceeds of \$735 million on the issuance of debentures and \$400 million on the issuance of Series B preferred stock. Subsequent to issuance, UAL spent \$87 million to repurchase Series B preferred stock to be held in treasury. Other financing activities included principal payments under debt and capital lease obligations of \$305 million and \$87 million, respectively, and a \$46 million reduction of short-term borrowings. Property additions, including the acquisition of two B747 aircraft and aircraft spare parts, amounted to \$636 million. Property dispositions resulted in proceeds of \$432 million.

During 1993, UAL's balance of cash and cash equivalents decreased \$85 million while short-term investments increased \$430 million. Operating activities resulted in cash flows of \$858 million, which more than offset cash used for net property additions and financing activities. Investing activities, including the short-term investment increase and net property additions, used \$740 million. Property additions amounted to \$1.496 billion, including the purchase of 34 aircraft, and property dispositions resulted in proceeds of \$1.165 billion, including the sale and leaseback of 18 aircraft. In all, 10 B737 aircraft, 16 B757 aircraft, 4 B747 aircraft, 8 B767 aircraft and 5 A320 aircraft were acquired, through purchases or leases. Financing activities used \$203 million. Reductions in short-term borrowings, capital lease obligations and long-term debt, including the early extinguishment of \$500 million of senior subordinated notes, more than offset cash proceeds from the issuance of Series A preferred stock and long-term debt.

Capital Commitments -

At December 31, 1995, commitments for the purchase of property and equipment, principally aircraft, approximated \$3.6 billion, after deducting advance payments. An estimated \$1.4 billion is due to be spent in 1996, \$1.6 billion in 1997, \$0.4 billion in 1998 and \$0.2 billion in 1999 and thereafter. The major commitments are for the purchase of 26 B777 aircraft, 4 B747 aircraft and 4 B757 aircraft. The B777s are scheduled to be delivered through 1999 and the B747s and B757s are expected to be delivered in 1996 and 1997.

In addition to the above aircraft orders, United has arrangements with Airbus Industrie ("Airbus") and International Aero Engines to lease 21 A320 aircraft, which are scheduled for delivery through 1998. At December 31, 1995, United also had options for an additional 137 B737 aircraft, 29 B757 aircraft, 34 B777 aircraft, 40 B747 aircraft, 5 B767 aircraft and 45 A320 aircraft. Under the terms of certain of these options which are exercisable during 1996 and 1997, United would forfeit significant deposits on such options not exercised.

In April 1995, United announced that, under a revised fleet plan, it would use most of the new aircraft to be delivered through 1997 to replace older aircraft in its fleet. As a result, United's fleet plan provides for only slight growth in its operating fleet through the end of 1997.

In October 1995, certain employees of the Boeing Company ("Boeing") began a labor strike, now settled, which affected Boeing's ability to deliver as scheduled certain new aircraft which United had on order. Specifically, three B777 aircraft which were scheduled for delivery in the

fourth quarter of 1995 are now expected to be delivered in 1996.

In connection with the construction of the Indianapolis Maintenance Center, United agreed to reach an aggregate \$800 million capital spending target by the year 2001 and employ at least 7,500 individuals by the year 2004. In the event that such targets are not reached, United may be required to make certain additional payments under related agreements.

Capital Resources -

Funds necessary to finance aircraft acquisitions are expected to be obtained from internally generated funds, irrevocable external financing arrangements or other external sources.

In May 1995, United issued \$246 million principal amount of pass through certificates under an effective shelf registration statement UAL and United have on file with the Securities and Exchange Commission. The pass through certificates were issued to finance or refinance certain aircraft under operating leases. At December 31, 1995, up to \$795 million of securities could be issued under the shelf registration, including secured and unsecured debt, equipment trust and pass through certificates, equity or a combination thereof. UAL's ability to issue equity securities is limited by its restated certificate of incorporation.

In January 1996, United offered \$165 million principal amount in pass through certificates under the shelf registration statement, lowering the amount available for public offering under the shelf to \$631 million. The pass through certificates were issued to refinance two aircraft under operating leases.

At December 31, 1995, United's senior unsecured debt was rated BB by Standard and Poor's ("S & P") and Baa3 by Moody's Investors Service Inc. ("Moody's"). UAL's Series B preferred stock was rated B+ by S & P and ba3 by Moody's.

Immediately following UAL's announcement in October 1995 that it was studying the possibility of submitting a proposal to acquire USAir Group, Inc. ("USAir"), S & P placed UAL and United securities on CreditWatch with negative implications. In November 1995, UAL announced that it had ended its evaluation of USAir and would not submit a proposal to acquire the company. With this announcement, S & P reaffirmed its ratings of UAL and United securities.

UAL's ability to pay dividends on its outstanding capital stock is defined under Delaware General Corporation Law ("DGCL"). DGCL requires that dividends on outstanding capital stock may only be made from surplus, as defined, or the net profits of the Company for the fiscal year in which the dividend is declared and/or the preceding fiscal year. As a result of the recapitalization, UAL's surplus significantly decreased; however, UAL has had sufficient surplus to pay all scheduled dividends on its preferred stock since the recapitalization and expects to do so in the future.*

RESULTS OF OPERATIONS

The results of operations in the airline business historically fluctuate significantly in response to general economic conditions. This is because small fluctuations in yield (passenger revenue per revenue passenger mile) and cost per available seat mile can have a significant effect on operating results. UAL anticipates industrywide fare levels, increasing low-cost competition, general economic conditions, fuel costs, international governmental policies and other factors will continue to affect its operating results.

The July 1994 employee investment transaction and recapitalization resulted in wage and benefit reductions and work-rule changes which were designed to reduce UAL's cash operating expenses. These cash expense reductions are offset by non-cash compensation charges for stock periodically committed to be released to employees under the ESOPs, and additional interest expense on the debentures issued at the time of the recapitalization. The amount of the non-cash compensation expense in the future cannot be predicted because it is based on the future market value of UAL's stock. Additionally, it is anticipated that tax provisions (credits) in future periods could be impacted by permanent differences between tax deductions and book expenses related to the ESOPs.

Summary of Results -

UAL's earnings from operations were \$829 million in 1995, compared to operating earnings of \$521 million in 1994. UAL's net earnings in 1995 were \$349 million (\$20.01 per share, primary; \$19.11 per share, fully diluted), compared to net earnings of \$51 million in 1994 (a loss of \$0.61 per share). The 1995 earnings include an extraordinary loss of \$29 million, after tax, on early extinguishment of debt. The 1994 earnings include a \$26 million after-tax charge for the cumulative effect of adopting Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," which UAL adopted effective January 1, 1994.

The per share amounts for 1995 include the effects on equity of the exchange of convertible debentures for Series A convertible preferred stock and repurchases of Series B preferred stock. These transactions had no effect on earnings; however, the difference between the fair value of

consideration given up and the carrying value of the preferred stock acquired is included in the computation of earnings per share. Excluding the preferred stock transactions, UAL's 1995 earnings per share were \$18.71, primary, and \$17.96, fully diluted.

In connection with the July 1994 recapitalization, each share of old common stock was converted to one half share of new common stock (and cash in lieu of fractional shares) and \$84.81 in cash. As a result, the number of outstanding shares was reduced proportionately. Accordingly, the weighted average shares in the earnings per share calculations for 1994 are based on the number of old common shares outstanding prior to the recapitalization and the reduced number of new common shares outstanding subsequent to the transaction. Furthermore, for all periods subsequent to the transaction, the earnings per share calculations also include ESOP shares which have thus far been committed to be released to employees, if doing so is dilutive. Thus, direct comparisons between per share amounts for the periods presented are not meaningful.

Management believes that a more complete understanding of UAL's results can be gained by viewing them on a pro forma, "fully distributed" basis. This approach considers all ESOP shares which will ultimately be distributed to employees throughout the ESOP period (rather than just the shares committed to be released) to be immediately outstanding and thus fully distributed. Consistent with this method, the ESOP compensation expense is excluded from fully distributed net earnings, and ESOP convertible preferred stock dividends are not deducted from earnings attributable to common stockholders. On a fully distributed basis, UAL's net earnings for 1995 would have been \$662 million compared to \$349 million as reported under generally accepted accounting principles. Per share amounts would be as follows:

	GAAP (Fully Diluted)	Fully Distributed
	-----	-----
Earnings before preferred stock transactions	\$ 17.96	\$ 19.88
Preferred stock transactions	1.15	0.63
	-----	-----
	\$ 19.11	\$ 20.51
	=====	=====

1995 Compared with 1994 -

In the first quarter of 1995, United implemented a new travel agency commission payment plan that offers a maximum of \$50 for any round-trip domestic airline ticket and a maximum of \$25 for any one-way domestic ticket. The new commission plan resulted in a reduction of approximately \$80 million in United's commission expense for 1995 from what would have otherwise been incurred. Lawsuits have been filed challenging this payment plan (see "Contingencies").

Operating Revenues. Operating revenues increased \$993 million (7%). United's revenue per available seat mile increased 3% to 9.39 cents. Passenger revenues increased \$932 million (8%) due primarily to a 3% increase in United's revenue passenger miles and a 4% increase in yield to 11.79 cents. Yield increases in the domestic (4%), Pacific (5%) and Atlantic (9%) markets were offset by a 5% decrease in Latin America yield. Both domestic and international revenue passenger miles increased by 3%. Available seat miles increased 4% systemwide, as increases of 8% and 4% on Pacific and domestic routes, respectively, were partially offset by a decrease of 3% in the Atlantic. As a result, United's system passenger load factor decreased 0.7 points to 70.5%.

Cargo revenues increased \$72 million (11%). Freight ton miles increased 6% and mail ton miles increased 19%. A 3% higher freight yield was offset by a lower mail yield for an overall increase in cargo yield of 2%. Other operating revenues include a \$43 million (30%) increase in Mileage Plus partner related revenues, offset by a \$50 million (24%) decrease in fuel sales to third parties.

Operating Expenses. Operating expenses increased \$685 million (5%). United's cost per available seat mile also increased 1% from 8.79 cents to 8.87 cents, which includes the non-cash ESOP compensation expense. Without this expense, United's cost per available seat mile would have been 8.55 cents versus 8.64 cents in 1994. ESOP compensation expense increased \$322 million, reflecting a higher average common stock price in 1995 combined with a shorter expense period in 1994, as the recapitalization took place on July 12, 1994. Landing fees and other rent increased \$181 million (29%) due to increased facilities rent, primarily due to new facilities at Denver, and increased landing fees as the number of systemwide departures increased 7%. Aircraft rent increased \$76 million (8%) as a result of new A320 and B777 aircraft on operating leases. Food services costs increased \$53 million (11%) due to new catering arrangements resulting from the 1994 sale of certain flight kitchens, increased passenger volumes and quality improvements in the First and Connoisseur class services. Purchased services increased \$115 million (12%) due principally to volume-related increases in computer reservations fees and credit card discounts. An increase of

\$95 million (6%) in aircraft fuel reflects a capacity related increase in United's consumption of 5% and an increase in United's average price per gallon to 59.5 cents from 58.8 cents. The increase in average price per gallon reflects a charge of approximately \$20 million resulting from the new federal fuel tax, that took effect October 1, 1995. Commissions increased \$45 million (3%) due principally to increased commissionable revenues partially offset by the effects of the new travel agents commission payment plan. Personnel expenses increased \$37 million (15%) due primarily to increased layover costs incurred principally in support of international operations.

Salaries and related costs decreased \$153 million (3%) primarily due to the full year effect of savings resulting from wage and benefit reductions for employees participating in the ESOPs and to \$48 million of one-time ESOP related costs recorded in 1994, partially offset by higher average wage rates for other employee groups and increased staffing in certain customer-oriented positions. Other operating expenses decreased \$82 million (7%) due mainly to lower fuel sales.

Other Income and Expense. Other expense amounted to \$208 million in 1995 compared to \$350 million in 1994. Interest expense increased \$27 million (7%) due to the issuance of \$600 million principal amount of 6 3/8% subordinated debentures in exchange for Series A convertible preferred stock. Interest income increased \$13 million (15%) due to higher average interest rates earned on investments. Equity in earnings of affiliates increased \$28 million as a result of increased earnings at Galileo. Included in "Miscellaneous, net" in 1995 were foreign exchange losses of \$20 million, a \$60 million gain on property dispositions and a \$23 million charge for minority interests in Apollo Travel Services Partnership ("ATS"). "Miscellaneous, net" in 1994 included charges of \$121 million for fees and costs incurred in connection with the recapitalization, a \$22 million charge for minority interests in ATS and foreign exchange gains of \$15 million.

Income Tax Provision. The income tax provision for 1994 was significantly impacted by the nondeductibility of certain recapitalization costs.

1994 Compared with 1993 -

UAL's results of operations improved in 1994 as compared to 1993. In 1994, UAL recorded net earnings of \$51 million, representing a loss per share of \$0.61 after preferred stock dividends, compared to a 1993 net loss of \$50 million, or \$3.40 per share after preferred stock dividends. Included in 1994 were \$169 million of pretax expenses incurred in connection with the recapitalization, of which \$48 million were recorded in operating expenses. The 1994 results also include an after-tax charge of \$26 million (\$1.37 per share) for the cumulative effect of adopting Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," which UAL adopted effective January 1, 1994. The 1993 results include an extraordinary loss of \$19 million, \$0.76 per share, on the early extinguishment of debt.

Prior to the September 1993 merger of the Covia Partnership ("Covia") and Galileo Ltd., United's investments in these companies were carried on the equity basis. United now owns 77% of ATS, one of the companies formed in the merger, and its accounts are consolidated with those of United. As a result, United's consolidated operating revenues and expenses increased. In 1993, UAL also transferred the operations of Air Wisconsin, Inc. to other parties, the effect of which was to reduce UAL's gross operating revenues and expenses. In addition, the sales of flight kitchen assets in late 1993 and early 1994 had the effect of reducing United's salaries and related costs and increasing, to a lesser degree, food services. These changes have affected the 1994 comparisons to 1993 as indicated in the discussion which follows.

Operating Revenues. Operating revenues increased \$625 million (5%). United's revenue per available seat mile increased 4% to 9.12 cents. Passenger revenues increased \$337 million (3%) due primarily to a 7% increase in United's revenue passenger miles, partially offset by a 3% decrease in yield to 11.31 cents. Domestic revenue passenger miles increased by 7% while international increased by 8%. Available seat miles increased 1% systemwide, as increases of 6% in the Pacific and 2% in the Atlantic were partially offset by decreases of 1% on domestic routes and 3% in Latin America. As a result, United's system passenger load factor increased 4.0 points to 71.2%. In addition, Air Wisconsin, Inc., which accounted for \$159 million of passenger revenues in 1993, accounted for no passenger revenue in 1994 as previously discussed.

Cargo revenues increased \$26 million (4%), due to increased freight revenues partially offset by decreased mail revenues. Freight and mail revenue ton miles each increased 3%; however, freight yield increased 5% while mail yield decreased 8%. Other operating revenues increased \$262 million (37%) primarily as a result of the consolidation of ATS, revenues resulting from the lease of Air Wisconsin, Inc. assets to other parties and an increase in fuel sales.

Operating Expenses. Operating expenses increased \$367 million (3%). United's cost per available seat mile also increased 3% from 8.54 cents to 8.79 cents, which includes certain one-time costs relating to the recapitalization and ESOP compensation expense. Without these

costs, United's cost per available seat mile would have been 8.64 cents. Food services increased \$162 million (51%) due to the new catering arrangements resulting from the flight kitchen sales as discussed above. Commissions increased \$96 million (7%) due principally to increased commissionable revenues. An increase of \$63 million (7%) in aircraft rent reflects rent associated with a higher number of aircraft on operating leases, including new aircraft acquired in the past year. Aircraft maintenance increased \$25 million (6%) as a result of increased vendor-provided maintenance due to the timing of maintenance cycles. Other operating expenses increased \$171 million (17%) due to the consolidation of ATS, depreciation in 1994 on Air Wisconsin, Inc. assets leased to others and higher fuel sales.

Aircraft fuel expense decreased \$148 million (9%), due to an 8% decrease in United's average price per gallon of fuel to 58.8 cents and a slight decrease in United's consumption. Salaries and related costs decreased \$81 million (2%) primarily due to lower wage rates for employees participating in the ESOPs and a lower number of employees as a result of the flight kitchen sales, partially offset by higher average wage rates for other employee groups, higher costs associated with medical benefits and \$48 million of one-time costs related to the recapitalization. Depreciation and amortization decreased \$39 million (5%) due principally to the transfer of Air Wisconsin, Inc. assets to other parties and the subsequent classification of depreciation on those assets in other expenses. Purchased services decreased \$36 million (4%), as certain services, principally computer reservations and communications, were provided by ATS subsequent to the merger.

Other Income and Expense. Other expense amounted to \$350 million in 1994 compared to \$310 million in 1993. Interest expense increased \$14 million (4%) due to higher average interest rates resulting from the debentures issued in July 1994, partially offset by the benefit of the extinguishment of \$500 million of subordinated debt in 1993. Interest capitalized decreased \$10 million (20%) as a result of lower average advance payments on new aircraft and lower capitalized interest rates. Interest income decreased \$13 million (13%) due primarily to interest received in 1993 in connection with the final settlement of certain pension benefits. United's equity in results of affiliates changed from a loss of \$30 million in 1993 to earnings of \$20 million in 1994 due primarily to a charge recorded by Galileo International in 1993 for the cost of eliminating duplicate facilities and operations after the merger of Covia and Galileo Ltd. Included in "Miscellaneous, net" in 1994 were charges of \$121 million for fees and costs incurred in connection with the employee investment transaction and recapitalization, a \$22 million charge for minority interests in ATS and foreign exchange gains of \$15 million. Included in 1993 was a \$59 million charge to reduce the net book value of 15 DC-10 aircraft to estimated realizable value, a \$17 million gain resulting from the final settlement of certain pension benefits and foreign exchange losses of \$20 million.

Income Tax Provision. The income tax provision for 1994 was significantly impacted by the nondeductibility of certain recapitalization costs and the statutory change in the deductibility of other expenses.

OTHER INFORMATION

Deferred Tax Asset -

UAL's consolidated balance sheet at December 31, 1995 includes a net deferred tax asset of \$474 million, compared to \$631 million at December 31, 1994. The net deferred tax asset is composed of approximately \$1.9 billion of deferred tax assets and approximately \$1.5 billion of deferred tax liabilities. The deferred tax assets include, among other things, \$594 million related to obligations for postretirement and other employee benefits, \$450 million related to gains on sales and leasebacks, \$265 million related to alternative minimum tax ("AMT") credit carryforwards and \$123 million of federal and state net operating loss ("NOL") carryforwards. The AMT credit carryforwards do not expire; the federal NOL carryforwards begin to expire in 2009 if not utilized prior to that time.

Management believes that a majority of the deferred tax assets will be realized through reversals of existing deferred tax liabilities with similar reversal patterns. To realize the benefits of the remaining deferred tax assets relating to temporary differences, UAL needs to generate approximately \$1.1 billion in future taxable income.

Although United experienced book and tax losses in 1993, United had book income in 1994 and 1995 and taxable income in 1994. United had a tax loss in 1995 due to the implementation of certain discretionary tax-planning strategies.

Following is a summary of UAL's pretax book income and taxable income, and the significant differences between them, for the last three years (in millions):

1995	1994	1993
-----	-----	-----

Pretax book income (loss)	\$ 621	\$ 171	\$ (47)
Gains on sale and leasebacks, net of amortization	(50)	73	15
Depreciation, capitalized interest and transfers of tax benefits	(251)	(290)	(348)
Rent expense and other lease costs	(131)	132	130
Pension expense	(291)	(145)	(156)
Other employee benefits	105	154	37
Gains on asset dispositions, net of amortization	25	37	(34)
ESOP transaction costs	(10)	63	-
Loss on debt extinguishment	(47)	-	(27)
Other, net	(128)	29	115
	-----	-----	-----
Taxable income (loss)	\$(157)	\$ 224	\$(315)
	=====	=====	=====

While the loss in 1993 was largely attributable to events beyond management's control, including the unanticipated duration of the recession in both the U. S. and other areas of the world and the proliferation of numerous low-cost air carriers, UAL has taken several steps to reduce costs and improve profitability. Most notably, the 1994 employee investment transaction and recapitalization was partially responsible for UAL's improved operating results in 1994 and 1995, and should continue to favorably impact UAL's financial results.

UAL's ability to generate sufficient amounts of taxable income from future operations is dependent upon numerous factors, including general economic conditions, inflation, fuel costs, the state of the industry and other factors beyond management's control. There can be no assurances that UAL will meet its expectation of future taxable income. However, based on the above factors, the extended period over which postretirement benefits will be recognized, and the indefinite carryforward period for AMT credits, management believes it is more likely than not that future taxable income will be sufficient to utilize the deferred tax assets at December 31, 1995.

Contingencies -

United has been named as a Potentially Responsible Party at certain Environmental Protection Agency ("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 has commenced litigation, 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. Such accruals have not been material. Environmental regulations and remediation processes are subject to future change, and determining the actual cost of remediation will require further investigation and remediation experience. Therefore, the ultimate cost 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.

Litigation challenging United's new travel agency commission payment plan has been filed against United and other airlines who adopted similar payment plans. In the third quarter of 1995, the defendant airlines' motion for summary judgment was denied, as was the plaintiff travel agencies' motion for preliminary injunction. The plaintiffs are seeking a declaration that the new payment plan is illegal and recovery of damages, trebled.

UAL has certain other contingencies resulting from this 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.*

The 1994 recapitalization resulted in new labor agreements for certain employee groups and a new corporate governance structure, which was designed to achieve balance between the various employee-owner groups and public shareholders. The new labor agreements and governance structure could inhibit management's ability to alter strategy in a volatile, competitive industry by restricting certain operating and financing activities, including the sale of assets and the issuance of equity securities and the ability to furlough employees. UAL's ability to react to competition may be hampered further by the fixed long-term nature of these various agreements. Some of the factors that could significantly impact the continued success of the recapitalization include United's ability to achieve enduring costs savings through productivity improvements and the renegotiation of labor agreements at the end of the investment period.

Energy Tax -

The Omnibus Budget Reconciliation Act of 1993 imposes a 4.3 cent per gallon tax on commercial aviation jet fuel purchased for use in domestic operations. This new fuel tax became effective October 1, 1995, and resulted in an increase to 1995 operating expenses of approximately \$20 million. Based on United's 1995 domestic fuel consumption of 1.8 billion gallons, the new fuel tax would have increased United's 1995 operating expenses by approximately \$57 million over what was recorded, had it been in

effect for the entire year. United and other carriers have lobbied vigorously to have the tax repealed. The ultimate fate of the tax is unknown at this time due to the federal budget stalemate. United cannot predict the ultimate outcome of this issue.

Foreign Operations -

United generates revenues and incurs expenses in numerous foreign currencies. These expenses include reservation and ticket office services, customer service expenses, aircraft maintenance, catering, commissions, aircraft leases and personnel costs. 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 will 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. United's biggest net exposures are typically for Japanese yen and Australian dollars. During 1995, yen-denominated operating revenue net of yen-denominated operating expense was approximately 57.5 billion yen (approximately \$600 million), and Australian dollar-denominated operating revenue net of Australian dollar-denominated operating expense was approximately 179 million Australian dollars (approximately \$130 million).

Other non-operating income (expense) is also affected as a result of transaction gains and losses resulting from rate fluctuation. The foreign exchange gains and losses recorded by United result from the impact of exchange rate changes on foreign currency-denominated assets and liabilities. To the extent yen-denominated liability balances are predictable, United attempts to minimize transaction gains and losses by investing in yen-denominated time deposits to offset the impact of rate changes. In addition, United entered into a foreign currency swap contract in 1994 to reduce exposure to currency fluctuations in connection with other long-term yen-denominated obligations. Where no significant liability exists to offset, United mitigates its exposure to foreign exchange rate fluctuations by converting excess local currencies generated to U.S. dollars.

United expects that it will continue to be affected by the above-mentioned factors, but cannot predict how foreign currency exchange rates will move in the future.

United's foreign operations involve insignificant amounts of physical assets; however, there are sizeable intangible assets related to acquisitions of foreign route authorities. Operating authorities in international markets are governed by bilateral aviation agreements between the United States 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.

New Accounting Standards -

The Financial Accounting Standards Board (FASB) has issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121), which will be adopted during the first quarter of 1996. SFAS 121 requires that the carrying values of long-lived assets, including certain identifiable intangibles, held and used by an entity be reviewed for impairment, and potentially written down, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The adoption of SFAS 121 is not expected to have a material impact on the Company's 1996 consolidated financial statements.

In October 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). SFAS 123 establishes a fair value based method of accounting for stock options. Entities have the option of either adopting the measurement criteria of the statement for accounting purposes, thereby recognizing an amount in results of operations on a prospective basis, or to disclose in the footnotes the pro forma effects of the new measurement criteria. The Company intends to adopt the pro forma disclosure features of SFAS 123, which are effective for fiscal years beginning after December 15, 1995.

Other -

In February 1996, the Company's Board of Directors conditionally approved a four-for-one split in the corporation's common stock. The split, which is scheduled to occur at the close of business May 6, 1996 (which is also the record date), is dependent on stockholder approval at its April 24, 1996 annual meeting of a proposal to increase the number of authorized shares of common stock.

Outlook for 1996 -

Worldwide economic growth should be slightly higher than in 1995 but specific regional changes will vary. Recoveries in Japan and Mexico are expected to offset the slightly slower growth in the Pacific Basin and Western Europe. The U.S. Real Gross Domestic Product (GDP) is expected to slow to the 2.0% to 2.5% range.

The international air travelmarket performance is forecast to improve with moderate industry capacity growth and yields that will likely increase with healthy traffic growth. U.S. domestic industry capacity growth is expected to be 1 to 2 percentage points higher in 1996 compared to 1995, partly due to the growth of low-cost carriers. Despite the faster capacity growth, U.S. industry unit revenue growth is expected to remain near the 1995 rate due to stronger traffic and yields.

The Company anticipates continued strong performance in 1996. The Company expects available seat miles to increase 3.0% to 3.5% and revenue passenger miles are expected to increase 4% to 6%, resulting in a small increase in load factor. Total revenue growth is expected to approximate the 1995 growth rate. Costs per available seat mile excluding ESOP charges are expected to increase from 1% to 2%, with the new fuel tax having a significant negative impact.

United expects to take delivery of 21 aircraft in 1996, consisting of B777-200s, A320s, B747-400s and B757-200s, while retiring 20 B747-100s, DC-10s and B737-200s. The Company also plans to continue repurchasing its Series B preferred stock as opportunities present themselves in order to reduce required dividend payments, as well as possibly calling its convertible debt for redemption if conditions allow. It is estimated that, if the convertible debt is called, holders will convert in anticipation of the redemption. If all holders were to convert, the Company would benefit from approximately \$20 million annually in net interest savings.

The information included in the above outlook section, as well as certain statements made throughout the Management's Discussion and Analysis of Financial Conditions and Results of Operations that are identified by an asterisk (*), is forward-looking and involves risks and uncertainties that could result in actual results differing materially from expected results. It is not reasonably possible to itemize all of the many factors and specific events that could affect the outlook of an airline operating in the global economy. Some factors that could significantly impact expected capacity, load factors, revenues, expenses and cash flows include the airline pricing environment, fuel costs, low-fare carrier expansion, capacity decisions of other carriers, actions of the U.S. and foreign governments, foreign currency exchange rate fluctuations, inflation, the general economic environment, and other factors discussed herein. With respect to the forward-looking statement set forth in the "Contingencies" section, some of the factors that could affect the ultimate disposition of these contingencies are changes in applicable laws, the development of facts in individual cases, settlement opportunities and the actions of plaintiffs, judges and juries.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors,
UAL Corporation:

We have audited the accompanying statement of consolidated financial position of UAL Corporation (a Delaware corporation) and subsidiary companies as of December 31, 1995 and 1994, and the related statements of consolidated operations, consolidated cash flows and consolidated shareholders' equity for each of the three years in the period ended December 31, 1995. 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 generally accepted auditing standards. 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, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

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.

/s/ ARTHUR ANDERSEN LLP
ARTHUR ANDERSEN LLP

Chicago, Illinois
February 28, 1996

UAL CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED OPERATIONS
(In Millions, Except Per Share)

	Year Ended December 31		
	1995	1994	1993
	-----	-----	-----
Operating revenues:			
Passenger	\$13,227	\$12,295	\$11,958
Cargo	757	685	659
Other operating revenues	959	970	708
	-----	-----	-----
	14,943	13,950	13,325
	-----	-----	-----
Operating expenses:			
Salaries and related costs	4,526	4,679	4,760
ESOP compensation expense	504	182	-
Aircraft fuel	1,680	1,585	1,733
Commissions	1,471	1,426	1,330
Purchased services	1,062	947	983
Aircraft rent	1,009	933	870
Landing fees and other rent	803	622	635
Depreciation and amortization	724	725	764
Food services	532	479	317
Aircraft maintenance	407	410	385
Personnel expenses	285	248	263
Other operating expenses	1,111	1,193	1,022
	-----	-----	-----
	14,114	13,429	13,062
	-----	-----	-----
Earnings from operations	829	521	263
	-----	-----	-----
Other income (expense):			
Interest expense	(399)	(372)	(358)
Interest capitalized	42	41	51
Interest income	98	85	98
Equity in earnings (loss) of affiliates	48	20	(30)
Miscellaneous, net	3	(124)	(71)
	-----	-----	-----
	(208)	(350)	(310)
	-----	-----	-----
Earnings (loss) before income taxes, extraordinary item and cumulative effect of accounting change	621	171	(47)
Provision (credit) for income taxes	243	94	(16)
	-----	-----	-----
Earnings (loss) before extraordinary item and cumulative effect of accounting change	378	77	(31)
Extraordinary loss on early extinguishment of debt, net of tax	(29)	-	(19)
Cumulative effect of accounting change, net	-	(26)	-
	-----	-----	-----
Net earnings (loss)	\$ 349	\$ 51	\$ (50)
	=====	=====	=====
Per share, primary:			
Earnings (loss) before extraordinary item and cumulative effect of accounting change	\$ 21.86	\$ 0.76	\$ (2.64)
Extraordinary loss on early extinguishment of debt, net of tax	(1.85)	-	(0.76)
Cumulative effect of accounting change, net	-	(1.37)	-
	-----	-----	-----
Net earnings (loss)	\$ 20.01	\$ (0.61)	\$ (3.40)
	=====	=====	=====
Per share, fully diluted:			
Earnings (loss) before extraordinary item and cumulative effect of accounting change	\$ 20.74	\$ 0.76	\$ (2.64)
Extraordinary loss on early extinguishment of debt, net of tax	(1.63)	-	(0.76)
Cumulative effect of accounting change, net	-	(1.37)	-
	-----	-----	-----
Net earnings (loss)	\$ 19.11	\$ (0.61)	\$ (3.40)
	=====	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.

UAL CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED FINANCIAL POSITION
(In Millions)

	December 31	
Assets	1995	1994
- - - - -	- - - - -	- - - - -
Current assets:		
Cash and cash equivalents	\$ 194	\$ 500
Short-term investments	949	1,032
Receivables, less allowance for doubtful accounts (1995 - \$19; 1994 - \$22)	951	889
Aircraft fuel, spare parts and supplies, less obsolescence allowance (1995 - \$38; 1994 - \$44)	298	285
Deferred income taxes	236	151
Prepaid expenses and other	415	335
	-----	-----
	3,043	3,192
	-----	-----
Operating property and equipment:		
Owned -		
Flight equipment	7,778	7,480
Advances on flight equipment	735	713
Other property and equipment	2,700	2,631
	-----	-----
	11,213	10,824
Less - Accumulated depreciation and amortization	5,153	4,786
	-----	-----
	6,060	6,038
	-----	-----
Capital leases -		
Flight equipment	1,362	1,028
Other property and equipment	102	104
	-----	-----
	1,464	1,132
Less - Accumulated amortization	503	447
	-----	-----
	961	685
	-----	-----
	7,021	6,723
	-----	-----
Other assets:		
Intangibles, less accumulated amortization (1995 - \$306; 1994 - \$267)	763	814
Deferred income taxes	238	480
Other	576	555
	-----	-----
	1,577	1,849
	-----	-----
	\$11,641	\$11,764
	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.

UAL CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED FINANCIAL POSITION
(In Millions, Except Share Data)

	December 31	
Liabilities and Shareholders' Equity	1995	1994
- - - - -	- - - - -	- - - - -
Current liabilities:		
Short-term borrowings	\$ -	\$ 269
Long-term debt maturing within one year	90	384
Current obligations under capital leases	99	76
Advance ticket sales	1,100	1,020
Accounts payable	696	651
Accrued salaries, wages and benefits	870	843
Accrued aircraft rent	771	825
Other accrued liabilities	807	838
	-----	-----
	4,433	4,906
	-----	-----
Long-term debt	2,919	2,887
	-----	-----
Long-term obligations under capital leases	994	730
	-----	-----
Other liabilities and deferred credits:		
Deferred pension liability	368	512

Postretirement benefit liability	1,225	1,148
Deferred gains	1,214	1,363
Accrued aircraft rent	272	213
Other	336	272
	-----	-----
	3,415	3,508
	-----	-----
Minority interest	59	49
	-----	-----
Preferred stock committed to Supplemental ESOP (Notes 2 and 14)	60	-
	-----	-----
Shareholders' equity:		
Serial preferred stock - (Note 10)	-	-
ESOP preferred stock - (Note 11)	-	-
Common stock, \$0.01 par value; authorized, 100,000,000 shares; issued, 13,156,839 shares at December 31, 1995 and 13,013,217 shares at December 31, 1994	-	-
Additional capital invested	1,353	1,287
Accumulated deficit	(1,039)	(1,335)
Unearned ESOP preferred stock	(175)	(83)
Stock held in treasury-		
Preferred (Note 10)	(218)	(87)
Common, 477,233 shares at December 31, 1995 and 574,111 shares at December 31, 1994	(64)	(74)
Pension liability adjustment	(76)	(16)
Other	(20)	(8)
	-----	-----
	(239)	(316)
	-----	-----
Commitments and contingent liabilities (Note 19)		
	-----	-----
	\$11,641	\$11,764
	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.

UAL CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(In Millions)

	Year Ended December 31		
	1995	1994	1993
	-----	-----	-----
Cash and cash equivalents at beginning of year	\$ 500	\$ 437	\$ 522
	-----	-----	-----
Cash flows from operating activities:			
Net earnings (loss)	349	51	(50)
Adjustments to reconcile to net cash provided by operating activities -			
ESOP compensation expense	504	182	-
Cumulative effect of accounting change	-	26	-
Extraordinary loss on debt extinguishment	29	-	19
Pension funding in excess of expense	(275)	(114)	(95)
Deferred postretirement benefit expense	125	145	89
Depreciation and amortization	724	725	764
Provision (credit) for deferred income taxes	214	78	(67)
Undistributed (earnings) losses of affiliates	(38)	(19)	48
Decrease (increase) in receivables	(62)	207	11
Decrease (increase) in other current assets	(109)	40	24
Increase (decrease) in advance ticket sales	80	(16)	(31)
Increase (decrease) in accrued income taxes	(52)	(11)	8
Increase (decrease) in accounts payable and accrued liabilities	79	(127)	(4)
Amortization of deferred gains	(79)	(85)	(83)
Other, net	135	252	225
	-----	-----	-----
	1,624	1,334	858
	-----	-----	-----
Cash flows from investing activities:			
Additions to property and equipment	(1,111)	(636)	(1,496)
Proceeds on disposition of property and equipment	578	432	1,165
Decrease (increase) in short-term investments	83	376	(414)
Other, net	(28)	26	5
	-----	-----	-----
	(478)	198	(740)
	-----	-----	-----
Cash flows from financing activities:			
Issuance of preferred stock	-	400	591
Reacquisition of preferred stock	(131)	(87)	-
Proceeds from issuance of long-term debt	-	735	99
Repayment of long-term debt	(852)	(305)	(695)
Principal payments under capital leases	(80)	(87)	(55)
Recapitalization distribution	(5)	(2,070)	-
Decrease in short-term borrowings	(269)	(46)	(135)
Cash dividends	(49)	(53)	(27)
Other, net	(66)	44	19
	-----	-----	-----

	(1,452)	(1,469)	(203)
Increase (decrease) in cash and cash equivalents during the year	(306)	63	(85)
Cash and cash equivalents at end of year	\$ 194	\$ 500	\$ 437

The accompanying notes to consolidated financial statements are an integral part of these statements.

UAL CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY
(In Millions, Except Per Share)

	Preferred Stock	Common Stock	Additional Capital Invested	Retained Earnings (Deficit)	Unearned ESOP Preferred Stock	Treasury Stock	Other	Total
Balance at December 31, 1992	\$ -	\$126	\$ 341	\$ 332	\$ -	\$ (74)	\$ (19)	\$ 706
Year ended December 31, 1993:								
Net loss	-	-	-	(50)	-	-	-	(50)
Cash dividends declared on preferred stock (\$5.54 per share)	-	-	-	(33)	-	-	-	(33)
Issuance of Series A preferred stock	30	-	561	-	-	-	-	591
Exercises of stock options	-	1	25	-	-	-	-	26
Issuance of treasury stock under restricted stock plan	-	-	6	-	-	10	(16)	-
Pension liability adjustment	-	-	-	-	-	-	(45)	(45)
Other	-	-	(1)	-	-	(1)	10	8
Balance at December 31, 1993	30	127	932	249	-	(65)	(70)	1,203
Year ended December 31, 1994:								
Net earnings	-	-	-	51	-	-	-	51
Cash dividends declared on preferred stock (\$6.25 per Series A share, \$1.44 per Series B share)	-	-	-	(59)	-	-	-	(59)
Change in Series A stated value	(30)	-	30	-	-	-	-	-
Issuance of ESOP preferred stock	-	-	227	-	(227)	-	-	-
Issuance of Series B preferred stock	-	-	400	-	-	-	-	400
Exercises of stock options	-	1	46	-	-	-	-	47
Issuance of treasury stock under restricted stock plan	-	-	(7)	-	-	17	(10)	-
Acquisition of treasury shares	-	-	-	-	-	(113)	-	(113)
Amortization of unearned compensation under ESOPs and restricted stock plan	-	-	38	-	144	-	21	203
Recapitalization	-	(128)	(378)	(1,576)	-	-	-	(2,082)
Pension liability adjustment	-	-	-	-	-	-	37	37
Other	-	-	(1)	-	-	-	(2)	(3)
Balance at December 31, 1994	-	-	1,287	(1,335)	(83)	(161)	(24)	(316)
Year ended December 31, 1995:								
Net earnings	-	-	-	349	-	-	-	349
Cash dividends declared on preferred stock (\$6.25 per Series A share, \$1.44 per Series B share)	-	-	-	(40)	-	-	-	(40)
Exchange of Series A for convertible debentures	-	-	(546)	-	-	-	-	(546)
Conversion of Series A debentures	-	-	1	-	-	-	-	1
Issuance of ESOP preferred stock	-	-	535	-	(535)	-	-	-
Exercises of stock options	-	-	43	-	-	-	-	43
Issuance of treasury stock under restricted stock plan	-	-	(3)	-	-	29	(26)	-
Acquisition of treasury shares	-	-	-	-	-	(148)	-	(148)
Amortization of unearned compensation under ESOPs and restricted stock plan	-	-	69	-	435	-	8	512
ESOP dividend	-	-	5	(13)	8	-	-	-
Pension liability adjustment	-	-	-	-	-	-	(60)	(60)
Other	-	-	(38)	-	-	(2)	6	(34)
Balance at December 31, 1995	\$ -	\$ -	\$1,353	\$(1,039)	\$(175)	\$(282)	\$ (96)	\$ (239)

The accompanying notes to consolidated financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UAL Corporation ("UAL") is a holding company whose principal subsidiary is United Air Lines, Inc. ("United"). United is a major commercial air transport carrier, providing passenger and cargo service to 104 airports in the United States and 30 foreign countries at the end of 1995. United's principal foreign markets are in the Pacific, Europe and Latin America. United also owns 77% of the Apollo Travel Services Partnership ("ATS"), which markets the Apollo computer reservations system to travel agencies in the United States, Mexico and the Caribbean. Substantially all of UAL's assets, revenues and expenses are attributable to United.

(a) Basis of Presentation-

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.

(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) Accounting Changes-

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits," resulting in a cumulative after-tax charge of \$26 million (see Note 16) and SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (see Note 17).

(d) 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.

(e) Foreign Currency Transactions-

Monetary assets and liabilities denominated in foreign currencies are converted at exchange rates in effect at the balance sheet date. The resulting foreign exchange gains and losses are charged or credited directly to income. United has entered into a foreign currency swap contract to reduce certain exposure to currency fluctuations. Foreign currency gains and losses on the contract are included in income currently, exactly offsetting the foreign currency losses and gains on the obligations.

(f) 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.

(g) 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.

(h) Operating Property and Equipment-

Owned operating property and equipment is stated at cost. Property under capital leases, and the related obligation for future minimum 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 10 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 30 years for aircraft and flight simulators and 25 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. Costs of additions to and renewals of units of property are charged to property and equipment accounts.

(i) Intangibles-

Intangibles consist primarily of route acquisition costs, slots and

intangible pension assets (see Note 15). Route acquisition costs and slots are amortized over 40 years and 5 years, respectively.

(j) Mileage Plus Awards-

United accrues the estimated incremental cost of providing free travel awards earned under its Mileage Plus frequent flyer program (including awards earned from mileage credits sold) when such award levels are reached.

United, through its wholly-owned subsidiary, Mileage Plus, Inc., sells mileage credits to participating partners in the Mileage Plus program. The resulting revenue is recorded in other operating revenues during the period in which the credits are sold.

(k) 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.

(l) Interest Rate Swap Agreements-

United has entered into interest rate swap agreements to hedge its interest rate exposure on certain obligations. The differential to be paid or received under the swap agreements is charged or credited to interest expense or rental expense depending on the obligation.

(2) Employee Investment Transaction and Recapitalization

On July 12, 1994, the shareholders 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 is being allocated to individual employees through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as a part of the recapitalization (see Note 14). Pursuant to the terms of the plan of recapitalization, holders of old UAL common stock received approximately \$2.1 billion in cash and the remaining 45% of the equity in the form of new common stock, which was issued at the rate of one half share of new common stock for each share of old common stock. The cash distribution was recorded in 1994 as a \$1.6 billion reduction in retained earnings, a \$0.4 billion reduction in additional capital invested and a \$0.1 billion reduction in common stock. In connection with the recapitalization, United issued \$370 million of 10.67% debentures due in 2004 and \$371 million of 11.21% debentures due in 2014 and UAL issued Series B 12 1/4% preferred stock with an aggregate liquidation preference of \$410 million. Through December 31, 1995, the Company has repaid \$10 million of the 10.67% debentures and \$140 million of the 11.21% debentures. In addition, the Company has repurchased \$190 million aggregate liquidation preference of the Series B preferred stock.

(3) Affiliates

United owns 38% of the Galileo International Partnership ("Galileo") through a wholly-owned subsidiary. United's investment in Galileo, which owns the Apollo and Galileo computer reservations systems, is carried on the equity basis. Included in the Company's accumulated deficit is approximately \$97 million of undistributed earnings of Galileo and its predecessor companies. United also owns 77% of ATS, whose accounts are consolidated. The revenues generated by ATS are insignificant in comparison to United's consolidated total; however, ATS operates with significantly higher earnings margins than United, and thus is a material contributor to consolidated net earnings.

Prior to a September 1993 merger, United owned 50% of the Covia Partnership ("Covia") and 25.6% of Galileo Ltd., Galileo's and ATS's predecessor companies. Under operating agreements with Covia prior to the merger, United provided certain computer support services for, and purchased computer reservations services, communications and other information from, Covia. Revenues derived from the sale of services to Covia amounted to approximately \$21 million in 1993. The cost to United of services purchased from Covia amounted to approximately \$168 million in 1993. Under operating agreements with Galileo subsequent to the merger, United purchases computer reservations services from Galileo and provides marketing, sales and communication services to Galileo. Revenues derived from the sale of services to Galileo amounted to approximately \$238 million in 1995, \$233 million in 1994 and \$58 million in 1993. The cost to United of services purchased from Galileo amounted to approximately \$104 million in 1995, \$94 million in 1994 and \$47 million in 1993. Galileo's net earnings (loss) were \$49 million in 1994 and \$(141) million in 1993.

(4) Other Income (Expense) - Miscellaneous

Other income (expense) - miscellaneous, net consisted of the following:

	1995	1994	1993
	-----	-----	-----
	(In Millions)		
Foreign exchange gains (losses)	\$ (20)	\$ 15	\$(20)
Amortization of hedge transaction costs	(4)	(6)	(6)
Net gains on disposition of property or rights	60	10	3

Minority interests	(23)	(22)	(1)
Recapitalization transaction costs	-	(121)	-
Write down of aircraft to net realizable value	-	-	(59)
Gain on settlement of 1985 annuity purchases	-	-	17
Other	(10)	-	(5)
	-----	-----	-----
	\$ 3	\$(124)	\$(71)
	=====	=====	=====

(5) Per Share Amounts

Primary per share amounts were based on the following number of average shares outstanding - 15,886,995 in 1995, 18,791,587 in 1994, and 24,345,857 in 1993. The amount for 1995 was based on weighted average common shares and common equivalents outstanding, including ESOP shares committed to be released. Common stock equivalents, including ESOP shares committed to be released, were not included in the computations for 1994 and 1993, as they did not have a dilutive effect. In addition, fully-diluted per share amounts assume the conversion of convertible debentures and elimination of related interest. For 1995, fully-diluted per share amounts were computed based on 17,936,587 weighted average shares outstanding. Per share amounts were calculated after providing for preferred stock dividends of \$53 million in 1995, \$59 million in 1994 and \$33 million in 1993.

In April 1995, UAL issued convertible subordinated debentures in exchange for its Series A preferred stock (see Note 8). As a result of the exchange, UAL recorded a non-cash increase of \$45 million in additional capital invested representing the excess of the carrying value of the preferred stock exchanged over the fair value of the new debentures. Also during 1995, the Company repurchased 4,260 shares of its Series B preferred stock, resulting in a \$24 million decrease in additional capital invested representing the excess of amounts paid to reacquire the preferred stock over the liquidation preference of such stock. These transactions had no effect on earnings; however, their net impact on UAL's equity is included in the computation of earnings per share. Earnings available to common stockholders were also reduced by \$3 million in 1994 for the excess of amounts paid to reacquire UAL preferred stock over the liquidation preference of such stock.

In connection with the July 1994 recapitalization, each old common share was exchanged for one half new common share. As required under generally accepted accounting principles for transactions of this type, the historical weighted average shares outstanding have not been restated. Thus, direct comparisons between per share amounts for the periods presented are not meaningful.

(6) Income Taxes

In 1995, UAL incurred a regular tax loss, but had an alternative minimum tax ("AMT") liability. The federal income tax liability is the greater of the tax computed using the regular tax system or the tax under the AMT system. Certain preferences, mainly depreciation adjustments, have caused alternative minimum taxable income and the resulting AMT liability to exceed regular taxable income and the regular tax liability. The excess of the AMT liability over the regular tax liability produces AMT credits which are carried forward indefinitely.

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

	1995	1994	1993
	-----	-----	-----
	(In Millions)		
Current-			
Federal	\$ 29	\$ 12	\$ 52
State	-	4	(1)
	-----	-----	-----
	29	16	51
	-----	-----	-----
Deferred-			
Federal	187	73	(75)
State	27	5	8
	-----	-----	-----
	214	78	(67)
	-----	-----	-----
	\$ 243	\$ 94	\$ (16)
	=====	=====	=====

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

1995	1994	1993
-----	-----	-----

(In Millions)

Income tax provision (credit) at statutory rate	\$ 217	\$ 60	\$ (17)
State income taxes, net of federal income tax benefit	18	6	5
ESOP dividends	(5)	-	-
Nondeductible employee meals	23	22	8
Nondeductible ESOP transaction costs	-	21	-
Foreign tax credits	(2)	(3)	(3)
Rate change effect	-	(14)	(9)
Other, net	(8)	2	-
	-----	-----	-----
Income tax provision (credit) as reported	\$ 243	\$ 94	\$ (16)
	=====	=====	=====

Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities for 1995 and 1994 are as follows:

	1995		1994	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	-----	-----	-----	-----
	(In Millions)			
Employee benefits, including postretirement medical	\$ 594	\$ 92	\$ 537	\$ 13
Depreciation, capitalized interest and transfers of tax benefits	-	1,077	-	1,074
Gains on sale and leasebacks	450	-	472	-
Rent expense	310	-	254	-
AMT credit carryforward	265	-	262	-
Net operating loss carryforwards	123	-	58	-
Other	183	282	302	167
	-----	-----	-----	-----
	\$1,925	\$1,451	\$1,885	\$1,254
	=====	=====	=====	=====

At December 31, 1995, UAL and its subsidiaries had \$265 million of federal AMT credit carryforwards available for an indefinite period, \$4 million of general business credit carryforwards which expire between 2004 and 2009, \$19 million of foreign tax credit carryforwards expiring between 1997 and 2001, \$40 million of state tax benefit from net operating loss carryforwards expiring between 1997 and 2011 and \$83 million of federal tax benefit from net operating loss carryforwards expiring between 2009 and 2011.

UAL's ability to generate sufficient amounts of taxable income from future operations is dependent upon numerous factors, including general economic conditions, inflation, fuel costs, the state of the industry and other factors beyond management's control. There can be no assurances that UAL will meet its expectation of future taxable income. However, based on the above factors, the extended period over which postretirement benefits will be recognized, and the indefinite carryforward period for AMT credits, management believes it is more likely than not that future taxable income will be sufficient to utilize the deferred tax assets at December 31, 1995.

(7) Short-Term Borrowings

At December 31, 1994, United had outstanding \$269 million in short-term borrowings, bearing an average interest rate of 5.63%. Receivables amounting to \$426 million were pledged by United to secure repayment of such outstanding borrowings. In the second quarter of 1995, United repaid all of these outstanding borrowings. The maximum available amount of borrowings under this arrangement is \$270 million.

(8) Long-Term Debt

A summary of long-term debt, including current maturities, as of December 31 is as follows (interest rates are as of December 31, 1995):

	1995	1994
	-----	-----
	(In Millions)	
Secured notes, 6.65% to 11.54%, averaging 8.37%, due through 2014	\$ 975	\$ 1,256
Debentures, 6.75% to 11.21%, averaging 9.91%, due 1997 to 2021	1,419	1,741
Deferred purchase certificates, Japanese yen-denominated, 7.75%, due through 1998	-	200

Convertible subordinated debentures, 6.375%, due 2025	597	-
Convertible debentures, 7.75%, due 2010	25	32
Promissory notes, 6.24% to 6.46%, averaging 6.39%, due through 1998	61	62
	-----	-----
	3,077	3,291
Less: Unamortized discount on debt	(68)	(20)
Current maturities	(90)	(384)
	-----	-----
	\$ 2,919	\$ 2,887
	=====	=====

In addition to scheduled principal payments, in 1995 the Company repaid \$228 million in principal amount of secured notes and \$327 million in principal amount of debentures prior to maturity. These obligations were scheduled to mature at various times from 2000 through 2021. The Company also repaid all of its outstanding yen-denominated deferred purchase certificates, which were due through 1998. An extraordinary loss of \$29 million, net of tax benefits of \$18 million, was recorded in the fourth quarter, reflecting amounts paid in excess of the debt carrying value.

In April 1995, UAL issued \$600 million aggregate principal amount of 6 3/8% convertible subordinated debentures, due 2025, for all outstanding shares of its Series A convertible preferred stock. Each \$1,000 face amount of debentures is convertible into a combination of \$541.90 in cash and approximately 3.192 shares of UAL common stock (equivalent to a conversion price of \$143.50 per share of common stock). In August 1995, a holder converted \$3 million in principal amount of debentures.

The debentures are redeemable at any time on or after May 1, 1996, at UAL's option, initially at a redemption price of 104.375% of the principal amount, declining ratably to 100% of the principal amount over seven years. UAL may only exercise this option if the closing price of its common stock exceeds \$172.20 for at least 20 of 30 consecutive trading days preceding the notice of redemption, including the last trading day. In January 1996, UAL announced that it is weighing the possibility of redeeming the debentures on or after May 1, 1996, as part of its efforts to reduce its obligations. The decision to redeem the debentures will depend on financial markets and other conditions, including the condition outlined above. If UAL issues a notice of redemption, holders may still convert their debentures through the business day preceding the redemption date. If the redemption date is May 1, 1996, or on or after any other interest payment date and prior to the next interest payment record date, holders who convert will not be entitled to any interest on the debentures.

At December 31, 1995, there was outstanding \$25 million in convertible debentures, which are obligations of Air Wis Services, Inc. ("Air Wis"). The debentures are convertible into shares of old UAL common stock, at the conversion price of \$259.08 (equivalent to approximately \$348.54 per share of new UAL common stock). During 1995 and 1994, Air Wis reacquired \$5 million and \$3 million, respectively, of these debentures, resulting in insignificant gains.

At December 31, 1995, United had outstanding a total of \$207 million of long-term debt bearing interest at rates 85 to 128 basis points over the London interbank offered rate ("LIBOR"). In connection with certain of these debt financings, United has entered interest rate swap agreements to effectively fix interest rates at December 31, 1995 between 8.554% and 8.6% on \$69 million of notional amount (see Note 18).

Maturities of long-term debt for each of the four years after 1996 are: 1997 -- \$181 million; 1998 -- \$87 million; 1999 -- \$45 million; and 2000 -- \$48 million. Various assets, principally aircraft, having an aggregate book value of \$1.077 billion at December 31, 1995, were pledged as security under various loan agreements.

At December 31, 1995, UAL and United had an effective shelf registration statement on file with the Securities and Exchange Commission to offer up to \$795 million of securities, including secured and unsecured debt, equipment trust and pass through certificates, equity or a combination thereof. In January 1996, United offered \$165 million principal amount in pass through certificates under the shelf registration statement, lowering the remaining amount available for public offering under the shelf to \$631 million. UAL's ability to issue equity securities is limited by its restated certificate of incorporation.

During 1993, United retired \$500 million of senior subordinated notes. The notes were scheduled to mature in 1995 (\$150 million) and 1998 (\$350 million). An extraordinary loss of \$19 million, net of tax benefits of \$9 million, was recorded as a result of the retirement.

(9) 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.

Future minimum lease payments as of December 31, 1995, 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 are as follows:

	Operating Leases		Capital Leases
	Aircraft	Non-aircraft	
	-----	-----	-----
	(In Millions)		
Payable during-			
1996	\$ 866	\$ 425	\$ 182
1997	855	419	180
1998	862	410	183
1999	861	408	158
2000	878	397	136
After 2000	12,744	7,598	835
	-----	-----	-----
Total minimum lease payments	\$17,066	\$9,657	1,674
	=====	=====	
Imputed interest (at rates of 5.3% to 12.2%)			(581)

Present value of minimum lease payments			1,093
Current portion			(99)

Long-term obligations under capital leases			\$ 994
			=====

As of December 31, 1995, United leased 292 aircraft, 49 of which were under capital leases. These leases have original terms of 4 to 26 years, and expiration dates range from 1999 through 2021. Under the terms of leases for 283 of the aircraft, United has the right of first refusal to purchase, at the end of the lease term, certain aircraft at fair market value and others at either fair market value or a percentage of cost. United has 29 Airbus A320-200 aircraft under 24- to 26-year operating leases which are cancelable upon 11 months' notice during the initial 10 years of the leases.

During 1995, United terminated operating leases for 39 aircraft (9 B727s, 24 B737s and 6 DC-10s) by exercising its right to acquire them. Operating property and equipment increased by \$400 million as a result of the acquisition of these aircraft. The reductions in future minimum lease payments from 1996 through 1998 due to these lease terminations are reflected in the above table.

Amounts charged to rent expense, net of minor amounts of sublease rentals, were \$1.439 billion in 1995, \$1.222 billion in 1994, and \$1.208 billion in 1993. Included in rent expense was \$22 million in contingent rentals, resulting from changes in interest rates for operating leases under which the rent payments are based on variable interest rates. In connection with certain of these leases, United has entered into interest rate swap agreements (see Note 18).

(10) Serial Preferred Stock

In connection with the July 1994 recapitalization, UAL issued 16,416,000 depository shares, each representing 1/1000 of one share of Series B 12 1/4% preferred stock, resulting in net proceeds of \$400 million, which was recorded as additional capital invested. The shares issued had an aggregate liquidation preference of \$410 million, or \$25 per depository share (\$25,000 per Series B preferred share), and a stated capital of \$164 (\$0.01 per Series B preferred share). Under its terms, any portion of the Series B preferred stock or the depository shares is redeemable for cash after July 11, 2004, at UAL's option, at the equivalent of \$25 per depository 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. In the fourth quarter of 1994, UAL repurchased 3,336,400 depository shares, representing 3,336.4 shares of Series B preferred stock, at an aggregate cost of \$87 million to be held in treasury. During 1995, UAL repurchased an additional 4,259,709 depository shares, at an aggregate cost of \$131 million to be held in treasury. At December 31, 1995 and 1994, there were outstanding 8,819,891 and 13,079,600 depository shares, respectively, representing 8,819.9 and 13,079.6 shares, respectively, of Series B preferred stock. The aggregate liquidation preference of Series B at December 31, 1995 and 1994, was \$220 million and \$327 million, respectively. In January 1996, UAL repurchased an additional 743,210 shares at an aggregate cost of \$24 million to be held in treasury.

The Series B preferred stock ranks senior to all other preferred and common stocks 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. UAL is authorized to

issue a total of 50,000 shares of Series B preferred stock.

At December 31, 1994, there were outstanding 5,999,900 shares of Series A cumulative 6.25% convertible preferred stock, all of which were originally issued in February 1993, with an aggregate liquidation value of \$600 million. In April 1995, UAL issued \$600 million aggregate principal amount of 6 3/8% convertible debentures for all outstanding shares of its Series A preferred stock.

UAL is authorized to issue up to 15,950,000 additional shares of serial preferred stock.

(11) ESOP Preferred Stock

The following activity relates to UAL's outstanding ESOP preferred stocks (see Note 14 for a description of the ESOPs):

	Class 1 ESOP	Class 2 ESOP	ESOP Voting
	-----	-----	-----
December 31, 1993	-	-	-
Shares issued	1,789,585	-	3
	-----	-----	-----
December 31, 1994	1,789,585	-	3
Shares issued	2,850,103	304,882	1,448,384
Converted to common	(7,183)	(2,811)	(9,994)
	-----	-----	-----
December 31, 1995	4,632,505	302,071	1,438,393
	=====	=====	=====

An aggregate of 17,675,345 shares of Class 1 and Class 2 ESOP Preferred Stock will be issued in connection with the recapitalization and establishment of the ESOPs (see Notes 2 and 14). Each share of ESOP Preferred Stock is convertible into one share of UAL common stock. Shares 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 ESOP Preferred Stock has a liquidation value of \$126.96 per share plus all accrued and unpaid dividends; the Class 2 does not have a liquidation value. The Class 1 ESOP Preferred Stock provides a fixed annual dividend of \$8.8872 per share, which ceases 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 is issued as shares of the Class 1 and Class 2 ESOP Preferred Stock are allocated to employees. In the aggregate, 17,675,345 shares of Voting Preferred Stock will be issued through the year 2000. The Voting Preferred Stock at any time outstanding 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 will generally continue to represent approximately 55% of the aggregate voting power until the "Sunset." The "Sunset" will occur when the common shares issuable upon conversion of the outstanding Class 1 and Class 2 ESOP Preferred Stock, plus any common equity (generally common stock issued or issuable at the time of the recapitalization) and available unissued ESOP shares held in the ESOPs or any other employee benefit plans sponsored by the Company for the benefit of its employees, represent, in the aggregate less than 20% of the common equity and available unissued ESOP shares of the Company. Under current actuarial assumptions, the Company estimates that the "Sunset" will occur in the year 2014 if no additional purchases are made by eligible employee retirement plans. 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 one ten-thousandth of a share of UAL common stock.

Class Pilot MEC, IAM, SAM and I junior preferred stocks (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 stocks. There are three shares of Class SAM and four shares of Class I issued. 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 will be redeemed automatically upon the transfer of the shares to any person not elected to the Board of Directors or upon the occurrence of the "Sunset."

(12) Common Shareholders' Equity

In connection with the July 1994 recapitalization, each share of old common stock was converted to one half share of new common stock (and cash in lieu of fractional shares) and \$84.81 in cash. As a result, the number of outstanding shares was reduced proportionately.

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

	1995	1994	1993
Shares outstanding at beginning of year	12,439,106	24,568,937	24,238,482
Old shares -			
Stock options exercised	-	79,764	205,075
Shares issued from treasury under compensation arrangements	-	1,100	142,003
Shares acquired for treasury	-	(88,261)	(7,623)
Forfeiture of restricted stock	-	(9,800)	(9,000)
Other	-	(379)	-
	12,439,106	24,551,361	24,568,937
Effect of recapitalization	-	(12,275,680)	-
New shares -			
Stock options exercised	180,686	237,505	-
Shares issued from treasury under compensation arrangements	233,146	112,767	-
Shares acquired for treasury	(126,111)	(186,898)	-
Forfeiture of restricted stock	(10,750)	-	-
Conversion of Series A debentures	9,576	-	-
Conversion of ESOP preferred stock	9,994	-	-
Other	(56,041)	51	-
Shares outstanding at end of year	12,679,606	12,439,106	24,568,937

At December 31, 1995 and 1994, UAL held 477,233 and 574,111 shares, respectively, of common stock in treasury.

There is a preferred share purchase right associated with each share of outstanding UAL common stock. As long as the rights are associated with the shares of UAL common stock, each new share of common stock issued by UAL, including shares of common stock into which the ESOP convertible preferred stock and the 6 3/8% convertible debentures are convertible, will include one right. Upon the occurrence of certain events, each right will entitle its holder to purchase one one-hundredth of a share of Series C junior participating preferred stock, without par value, for \$185 (subject to adjustment). The rights will become exercisable ten business days after any person or group announces its beneficial ownership of 15% or more of UAL common stock, or announces an offer for 30% or more of UAL common stock. If any person or group acquires 15% or more of UAL common stock (other than the ESOP trustee, ALPA, the IAM and the beneficial owners of UAL common stock eligible to report and reporting on Schedule 13G under the Securities Exchange Act of 1934), each right will entitle its holder (except the acquiring party) to buy common stock of UAL having a market value of three times the exercise price of the right. If, after the rights become exercisable, UAL is involved in a merger or sells more than 50% of its assets or earning power, each right will entitle its holder to buy common stock of the surviving entity having a market value of three times the exercise price of the right. UAL has the right to redeem the rights for \$0.05 per right prior to the time they become exercisable. The rights expire on December 31, 1996. The rights agreement provides that the transactions associated with the recapitalization did not and will not cause the rights to become exercisable as a result thereof.

In February 1996, the Company's Board of Directors conditionally approved a four-for-one split in the corporation's common stock. The split, which is scheduled to occur at the close of business May 6, 1996, is dependent on shareholder approval of a proposal to increase the number of authorized common shares.

(13) 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 up to five equal, annual installments beginning one year after the date of grant, and generally expire in ten years.

Prior to 1992, stock appreciation rights ("SARs") were granted in tandem with certain stock options. On exercise of these SARs, holders would receive, in cash, 100% of the appreciation in fair market value of the shares subject to the SAR. The estimated payment value of SARs, net of market value adjustments, was charged to earnings over the vesting period. In 1992, all active officers relinquished their SARs but retained the tandem stock options. This action left relatively few SARs outstanding, the last of which were exercised in 1995.

As a result of the 1994 recapitalization, all outstanding options became fully vested at the time of the transaction and the holders of such options became eligible to utilize the cashless exercise features of stock options. Under a cashless exercise, the Company withholds, at the election of the optionee, from shares that would otherwise be issued upon exercise, that number of shares having a fair market value equal to the exercise price and/or related income taxes. For outstanding options eligible for cashless exercise, changes in the market price of the stock

are charged to earnings currently. At December 31, 1995, option holders were eligible for cashless exercise in connection with 480,610 outstanding options with an average exercise price of \$119.95 per old share. The expense recorded for SARs and cashless exercises was \$27 million in 1995, \$15 million in 1994, and \$1 million in 1993.

Stock options which were outstanding at the time of the recapitalization are exercisable for shares of old common stock, each of which is in turn converted into one half share of new common stock and \$84.81 in cash upon exercise. Subsequent to the recapitalization, the Company granted stock options which are exercisable for shares of new common stock.

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

	New Share Options		Old Share Options		
	1995	1994	1995	1994	1993
Outstanding at beginning of year	946,000	-	1,081,100	1,673,782	1,864,555
Granted	86,000	959,500	-	-	65,750
Exercised	(34,094)	-	(295,671)	(554,771)	(205,075)
Surrendered upon exercise of SARs	-	-	(12,927)	(1,000)	(16,198)
Terminated	(56,000)	(13,500)	(291,892)	(36,911)	(35,250)
Outstanding at end of year	941,906	946,000	480,610	1,081,100	1,673,782
Exercisable at end of year	283,285	150,000	480,610	1,081,100	733,782
Reserved for future grants at end of year	424,000	454,000	-	-	300,111
Average option price:					
Per old share -					
Exercised	N/A	N/A	\$ 113.61	\$ 95.32	\$ 87.61
Outstanding at end of year	N/A	N/A	\$ 119.95	\$ 132.77	\$ 120.21
Per new share -					
Exercised	\$ 90.43	-	\$ 57.60 (1)	\$ 21.02 (1)	N/A
Outstanding at end of year	\$ 93.86	\$ 90.36	\$ 70.27 (1)	\$ 95.92 (1)	N/A

(1) Represents the new share equivalent of the old share options.

The expiration dates for options outstanding as of December 31, 1995 ranged from October 29, 1996 to December 13, 2005. At December 31, 1995, outstanding options were held by 176 officers and key employees.

In October 1995, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 establishes a fair value based method of accounting for stock options.

Entities have the option of either adopting the measurement criteria of the statement for accounting purposes, thereby recognizing an amount in results of operations on a prospective basis, or disclosing in the footnotes the pro forma effects of the new measurement criteria. The Company intends to adopt the pro forma disclosure features of SFAS No. 123, which are effective for fiscal years beginning after December 15, 1995.

The Company has also awarded shares of restricted stock to key officers and employees. These restricted shares generally vest over a five-year period. Nonvested shares are subject to certain transfer restrictions and forfeiture under certain circumstances. Unearned compensation, representing the fair market value of the stock on the date of award, is amortized to salaries and related costs over the vesting period. As a result of the 1994 recapitalization, all outstanding restricted shares became vested at the time of the transaction and \$12 million of compensation expense was recorded for the remaining balance of unearned compensation attributable to the outstanding shares.

In 1994, subsequent to the recapitalization, 112,767 restricted shares of new common stock were issued from treasury, and in 1995, an additional 223,213 restricted shares were issued from treasury. As of December 31, 1995, 267,963 shares were restricted and still nonvested. Additionally, 3,750 shares were reserved for future award under the plan. In 1995, 1994 and 1993, 10,750, 9,800 and 9,000 shares, respectively, were forfeited and returned to treasury stock.

(14) Employee Stock Ownership Plans

The ESOPs established as part of the 1994 recapitalization cover the pilots, U.S. management and salaried employees, and U.S. union ground employees. The ESOPs 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 purpose of having the three ESOPs is to deliver the agreed-upon shares to employees in a manner which utilizes the tax incentives available to tax qualified ESOPs to the greatest degree possible. Accordingly, shares are delivered to employees primarily through the Leveraged ESOP, secondly, through the Non-Leveraged ESOP, and lastly, through the Supplemental ESOP.

The equity interests are being 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 are being 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 is being delivered to an ESOP trust in seven separate sales through January 1, 2000 under the Leveraged ESOP, two of which have already taken place. Based on Internal Revenue Code limitations, shares of the Class 2 ESOP Preferred Stock are 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 11, ESOP Preferred Stock.

The Leveraged ESOP and Non-Leveraged ESOP are being accounted for under AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" ("SOP"). For the Leveraged ESOP, as shares of the Class 1 ESOP Preferred Stock are sold to an ESOP trust, the Company reports the issuance as a credit to additional capital invested and a corresponding charge to unearned ESOP preferred stock. As the shares are earned by employees in exchange for services performed, the shares are committed to be released. ESOP compensation expense is recorded for the average fair value of the shares committed to be released during the period with a corresponding credit to unearned ESOP preferred stock for the cost of the shares. Any difference between the fair value of the shares and the cost of the shares is charged or credited to additional capital invested. For the Non-Leveraged ESOP, the Class 2 ESOP Preferred Stock is recorded as additional capital invested as the shares are committed to be contributed in exchange for employee services, with the offsetting entry to ESOP compensation expense. The ESOP compensation expense is based on the average fair value of the shares committed to be contributed, in accordance with the SOP. The Supplemental ESOP is being accounted for under Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees."

Shares of ESOP Preferred Stock are legally released or allocated to employee accounts as of year end. Dividends on the ESOP Preferred Stock are also paid at the end of the year. Dividends on unallocated shares are used by the ESOP to pay down the loan from UAL and are not considered dividends for financial reporting purposes. Dividends on allocated shares are satisfied by releasing shares from the ESOP's suspense account to the employee accounts and are charged to equity.

ESOP compensation expense was \$504 million in 1995. During 1994, the Company recorded \$182 million of ESOP compensation expense for the period July 13 through December 31, 1994. During 1995, 1,131,912 shares of Class 1 ESOP Preferred Stock, 304,070 shares of Class 2 ESOP Preferred Stock and 1,435,942 shares of Voting Preferred Stock were allocated to employee accounts, and another 12,402 shares of Class 2 ESOP Preferred were allocated in the form of "book entry" shares, effective December 31, 1994. At December 31, 1995, the year-end allocation of Class 1 ESOP Preferred Stock to employee accounts had not yet been completed. There were 2,402,310 shares of Class 1 ESOP Preferred Stock committed to be released and 1,105,466 shares held in suspense by the ESOP as of December 31, 1995. For the Class 2 ESOP Preferred Stock, 671,663 shares were committed to be contributed to employees at December 31, 1995. The fair value of the unearned ESOP shares recorded on the balance sheet at December 31, 1995 and 1994 was \$230 million and \$79 million, respectively.

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. The estimated fair value of such shares at December 31, 1995 was \$60 million.

(15) Retirement Plans

The Company has various retirement plans which cover substantially all employees. Defined benefit plans covering certain employees (primarily union ground employees) provide a stated benefit for specified periods of service, while defined benefit plans for other employees provide benefits based on employees' years of service and average compensation for a specified period of time before retirement. Pension costs are funded to at least the minimum level required by the Employee Retirement Income Security Act of 1974. The Company also provides several defined contribution plans which cover substantially all U. S. employees who have completed one year of service. For certain groups of employees (primarily pilots, salaried employees hired after February 1, 1994 and employees of Mileage Plus, Inc.), the Company contributes an annual amount on behalf of each participant, calculated as a percentage of the participants' earnings or a percentage of the participants' contributions.

The following table sets forth the defined benefit plans' funded

status and amounts recognized in the statements of consolidated financial position as of December 31:

	1995	1994
	----- Accumulated Benefits Exceed Assets -----	----- Accumulated Benefits Exceed Assets -----
	(In Millions)	
Actuarial present value of accumulated benefit obligation	\$5,309 =====	\$4,191 =====
Actuarial present value of projected benefit obligation	\$5,774	\$4,577
Plan assets at fair value	4,947 -----	3,785 -----
Projected benefit obligation in excess of plan assets	827	792
Unrecognized net loss	(356)	(13)
Prior service cost not yet recognized in net periodic pension cost	(482)	(523)
Remaining unrecognized net asset	(15)	(3)
Adjustment required to recognize minimum liability	400 -----	302 -----
Pension liability recognized in the statements of consolidated financial position	\$ 374 =====	\$ 555 =====

For the valuation of pension obligations as of December 31, 1995 and 1994, the weighted average discount rates used were 7.25% and 8.75%, respectively, and the rate of increase in compensation for both 1995 and 1994 was 3.15%. Substantially all of the accumulated benefit obligation is vested.

Total pension expense for all retirement plans (including defined contribution plans) was \$193 million in 1995, \$350 million in 1994, and \$346 million in 1993.

Plan assets are invested primarily in governmental and corporate debt instruments and corporate equity securities. The expected average long-term rate of return on plan assets at December 31, 1995, 1994 and 1993 was 9.75%.

The net periodic pension cost of defined benefit plans included the following components:

	1995	1994	1993
	-----	-----	-----
	(In Millions)		
Service cost - benefits earned during the year	\$ 173	\$ 216	\$ 186
Interest cost on projected benefit obligation	396	379	356
Actual (return) loss on plan assets	(934)	28	(310)
Net amortization and deferral	545	(351)	19
Net periodic pension cost	\$ 180 =====	\$ 272 =====	\$ 251 =====

Changes in interest rates or rates of inflation may impact the assumptions used in the valuation of pension obligations, including discount rates and rates of increase in compensation, resulting in increases or decreases in United's pension liability and net periodic pension cost.

(16) Other Employee Benefits

The Company provides certain health care benefits, primarily in the U. S., to retirees and eligible dependents. Benefits are generally funded from company assets on a current basis, although amounts sufficient to pay claims incurred, but not yet paid, are held in trust at year-end. Certain plan benefits are subject to co-payments, deductibles and other limits described in the plans and the benefits are reduced once a retiree becomes eligible for Medicare. The Company also provides certain life insurance benefits to retirees. The assets to fund retiree life insurance benefits are being held in a deposit trust administration fund with a major insurance company. 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.

Information on the plans' funded status, on an aggregate basis at

December 31, follows (in millions):

	1995 -----	1994 -----
Accumulated postretirement benefit obligation:		
Retirees	\$ 536	\$ 383
Other fully eligible participants	210	183
Other active participants	676	590
	-----	-----
Total accumulated postretirement benefit obligation	1,422	1,156
Unrecognized net gain (loss)	(54)	138
Fair value of plan assets	(99)	(95)
	-----	-----
Accrued postretirement benefit obligation	\$1,269	\$1,199
	=====	=====

Net postretirement benefit costs included the following components (in millions):

	1995 -----	1994 -----	1993 -----
Service cost - benefits attributed to service during the period	\$ 37	\$ 46	\$ 38
Amortization of unrecognized net loss (gain)	(5)	3	3
Actual return on assets	(7)	-	-
Interest cost on benefit obligation	100	95	92
	-----	-----	-----
Net postretirement benefit costs	\$125	\$144	\$133
	=====	=====	=====

The discount rates used to estimate the accumulated postretirement benefit obligation as of December 31, 1995 and 1994 were 7.25% and 8.75%, respectively. The assumed health care cost trend rates were 8.5% and 10% for 1995 and 1994, respectively, declining annually to a rate of 4% by the year 2001 and remaining level thereafter. The effect of a 1% increase in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligation at December 31, 1995, by \$179 million and the aggregate of the service and interest cost components of net postretirement benefit cost for 1995 by \$19 million.

The Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1994. SFAS No. 112 requires recognition of the liability for postemployment benefits during the period of employment. Such benefits include company paid continuation of group life insurance and medical and dental coverage for certain employees after employment but before retirement. The effect of adopting SFAS No. 112 was a cumulative charge for recognition of the transition liability of \$42 million, before tax benefits of \$16 million. The ongoing expenses related to postemployment benefits will vary based on actual claims experience.

Changes in interest rates or rates of inflation may impact the assumptions used in the valuation of postretirement and postemployment obligations, including discount rates, resulting in increases or decreases in United's liability and net periodic cost.

(17) Investments in Debt Securities

The following information pertains to the Company's investments in debt and equity securities that are included in "Cash and cash equivalents" and "Short-term investments":

December 31, 1995 (in millions) -----	Aggregate Fair Value -----	Gross Unrealized Holding Gains -----	Cost Basis -----	Average Maturity (Months) -----
Available-for-sale:				
U.S. government agency debt securities	\$ 317	\$(1)	\$ 316	11
Corporate debt securities	244	(1)	243	7
Other debt securities	45	-	45	11
Held-to-maturity:				
U.S. government agency debt securities	\$ 136	-	\$ 136	10
Corporate debt securities	223	-	223	5
Other debt securities	171	-	171	5

December 31, 1994 (in millions)	Aggregate Fair Value	Gross Unrealized Holding Losses	Cost Basis	Average Maturity (Months)
Available-for-sale:				
U.S. government agency debt securities	\$ 334	\$ 2	\$ 336	9
Corporate debt securities	341	2	343	10
Other debt securities	146	1	147	8
Held-to-maturity:				
U.S. government agency debt securities	\$ 97	-	\$ 97	6
Corporate debt securities	222	-	222	4
Other debt securities	384	-	384	2

The net unrealized holding gains on available-for-sale securities of \$2 million in 1995 and losses of \$5 million in 1994 have been recorded as a component of shareholders' equity, net of related tax benefits. The proceeds from sales of available-for-sale securities were \$419 million and \$255 million in 1995 and 1994, respectively. Such sales resulted in insignificant gross realized gains and losses, based on the cost of the specific securities sold. These gains and losses were included in interest income for each respective year.

(18) Financial Instruments and Risk Management

The Company attempts to manage its exposure to interest rates, foreign exchange rates, and, to a limited extent, jet fuel prices through the use of various derivative financial instruments. The Risk Tolerance Committee ("RTC"), a group of the Company's senior officers, is responsible for setting acceptable levels of risk and reviewing risk management activities. Except for minor investments in certain futures and options contracts to assist in opportunistic purchases of jet fuel under limits set by the RTC, the Company uses derivative financial instruments only for the purpose of hedging existing commitments or obligations, not for generating trading profits.

Credit Exposures of Derivatives

The Company's theoretical risk in the derivative financial instruments described below is the cost of replacing the contracts at current market rates in the event of default by any of the counterparties. However, the Company does not anticipate such default as counterparties are selected based on credit ratings and the relative market positions with each counterparty are monitored by the RTC and their designates. Furthermore, the risk of such default is mitigated by provisions in the contracts which require either party to post increasing amounts of collateral as the value of the contract moves against them, subject to certain thresholds. Counterparty credit risk is further minimized by settlements throughout the duration of the contract.

Interest Rate Risk Management

United has entered interest rate swap agreements in order to manage the interest rate exposure associated with certain variable rate debt and leases. The swap agreements have remaining terms averaging 15 years, corresponding to the terms of the related debt or lease obligations. Under the agreements, United makes payments to counterparties at fixed rates and in return receives payments based on variable rates indexed to LIBOR. At December 31, 1995, a notional amount of \$471 million of interest rate swap agreements effectively fixed interest rates between 8.02% and 8.65% on such obligations. The notional amounts of the swaps do not represent amounts exchanged between the parties and, therefore, are not a measure of the Company's exposure resulting from its use of the swaps. Rather, the amounts exchanged are based on interest rates applied to the notional amounts. The fair values to United of interest rate swap agreements at December 31, 1995 and 1994 were \$(46) million and \$26 million, respectively, taking into account interest rates in effect at the time.

Foreign Exchange Risk Management

A strengthening (weakening) of foreign currencies versus the U.S. dollar 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. United attempts to mitigate its exposure to fluctuations in any single currency by carrying passengers and cargo in both directions between the U.S. and almost every major economic region in the world. As a result of rate fluctuations, United is also exposed to transaction gains and losses which it attempts to manage as follows:

United is party to a foreign currency swap contract to reduce exposure to currency fluctuations in connection with 8.1 billion of Japanese yen-denominated lease obligations. The contract effectively

fixes future lease principal payments at an indirect yen exchange rate of 95.63. At December 31, 1995, the swap contract had a notional amount of \$84 million, which will reduce periodically through 2004 as payments are made under the leases. The fair value of the currency swap contract to United at December 31, 1995 was approximately \$8 million based on the change in the yen to dollar exchange rate and interest rates in the U.S. and Japan.

United incurs certain other identifiable Japanese yen-denominated liabilities as a result of operations (commissions) and financing activities (accrued rent on aircraft operating leases and interest on capital leases). United minimizes transaction gains and losses by investing in yen-denominated time deposits to offset the impact of rate changes. Where no significant liability exists to offset, United mitigates its exposure to foreign exchange fluctuations by converting excess local currencies generated into U.S. dollars.

Fuel Price Risk Management

United enters into contracts with certain fuel suppliers to purchase fuel at a fixed average price over a given period of time, typically one year, to protect against increases in jet fuel prices. At December 31, 1995, United had contracted 134 million gallons or approximately 5.0% of its expected 1996 fuel needs at fixed average prices.

At December 31, 1995, the fair values of futures and options contracts used for opportunistic purchases of jet fuel were insignificant.

Balance Sheet Financial Instruments: Fair Values

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, short-term investments classified as "held-to-maturity," and short-term borrowings approximate fair value due to the immediate or short-term maturities of these financial instruments. Investments in debt securities classified as "available-for-sale" are stated at fair value based on the quoted market prices for the securities (see Note 17).

The fair value of long-term debt, including debt due within one year, is primarily based on the quoted market prices for the same or similar issues or on the then current rates offered for debt with similar terms and maturities. The fair value of long-term debt, including debt due within one year, at December 31, 1995 and 1994 was \$3.435 billion and \$2.983 billion, respectively, compared with carrying values of \$3.009 billion and \$3.271 billion.

Financial Guarantees

Special facility revenue bonds have been issued by certain municipalities to build or improve airport and maintenance facilities leased by United. Under the 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, 1995, \$1.069 billion principal amount of such bonds was outstanding. As of December 31, 1995, UAL and United had jointly guaranteed \$35 million of such bonds and United had guaranteed \$1.051 billion of such bonds, including accrued interest.

Transfers of the tax benefits of accelerated depreciation and investment tax credits associated with the acquisition of certain equipment have been made previously by United to various tax lessors through tax lease transactions. Proceeds from tax benefit transfers were recognized as income in the year the lease transactions were consummated. The subject equipment is being depreciated for book purposes. United has agreed to indemnify (guaranteed in some cases by UAL) the tax lessors against loss of such benefits in certain circumstances and has agreed to indemnify others for loss of tax benefits in limited circumstances for certain used aircraft purchased by United subject to previous tax lease transactions. Certain tax lessors have required that letters of credit be issued in their favor by financial institutions as security for United's indemnity obligations under the leases. The outstanding balance of such letters of credit totaled \$49 million at December 31, 1995. At that date, United had granted mortgages on aircraft and engines having a total book value of \$216 million as security for indemnity obligations under tax leases and letters of credit.

Concentration of Credit Risk

The Company does not believe it is subject to any significant concentration of credit risk. Most of the Company's receivables result from sales of tickets to individuals through geographically dispersed travel agents, company outlets or other airlines, often through the use of major credit cards. These receivables are short term, generally being settled shortly after the sale.

(19) Commitments, Contingent Liabilities and Uncertainties

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 or 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 in the near term, based on revisions to estimates relating to the various claims.

At December 31, 1995, commitments for the purchase of property and equipment, principally aircraft, approximated \$3.6 billion after deducting advance payments. An estimated \$1.4 billion is due to be spent during 1996, \$1.6 billion in 1997, \$0.4 billion in 1998 and \$0.2 billion in 1999 and thereafter. The major commitments are for the purchase of 26 B777 aircraft, 4 B747 aircraft and 4 B757 aircraft. The B777s are scheduled to be delivered through 1999, and the B747s and B757s are expected to be delivered in 1996 and 1997.

In addition to the above aircraft orders, United has arrangements with Airbus and International Aero Engines to lease an additional 21 A320 aircraft, which are scheduled for delivery through 1998. At December 31, 1995, United also had purchase options for 137 B737 aircraft, 29 B757 aircraft, 34 B777 aircraft, 40 B747 aircraft, 5 B767 aircraft and 45 A320 aircraft. Under the terms of certain of these options which are exercisable during 1996 and 1997, United would forfeit significant deposits on such options not exercised.

In April 1995, United announced that, under a revised fleet plan, it would use most of the new aircraft to be delivered through 1997 to replace older aircraft in its fleet. As a result, United's fleet plan provides for only slight growth in its operating fleet through the end of 1997.

The Indianapolis Maintenance Center began operation in March 1994. When complete, it is expected to be the facility used for performing maintenance on B737, B757 and B767 aircraft. Construction of certain parts of the facility are still in process. The facilities are being financed primarily with tax-exempt bonds and other capital sources. In connection with the construction of the Indianapolis Maintenance Center, United agreed to reach an aggregate \$800 million capital spending target 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 additional payments under related agreements.

Approximately 61% of United's employees are represented by various labor organizations. In connection with the 1994 employee investment transaction, members of the Air Line Pilots' Association and the International Association of Machinists and Aerospace Workers entered labor contracts with United which become amendable in 2000. The contract with the Association of Flight Attendants ("AFA") becomes amendable March 1, 1996. On February 7, 1996, United's management and the AFA announced that they had reached tentative agreement on a new contract. The agreement is subject to ratification by United's flight attendants. If ratified, the contract will replace the current agreement. The voting process will not conclude until April 1996.

(20) Foreign Operations

United conducts operations in various foreign countries, principally in the Pacific, Europe and Latin America. Operating revenues from foreign operations were approximately \$5.309 billion in 1995, \$4.920 billion in 1994 and \$4.500 billion in 1993. Due to the nature of the airline industry, United's foreign operations involve insignificant amounts of physical assets; however, there are sizeable intangible assets related to acquisitions of foreign route authorities. Operating authorities in international markets are governed by bilateral aviation agreements between the United States 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 diminish the value of United's international route authority.

(21) Statement of Consolidated Cash Flows - Supplemental Disclosures

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

	1995 -----	1994 -----	1993 -----
	(In Millions)		
Cash paid during the year for:			
Interest (net of amounts capitalized)	\$346	\$302	\$330
Income taxes	65	69	135
Non-cash transactions:			
Capital lease obligations incurred	376	-	70

Long-term debt incurred in connection with additions to equipment	26	21	487
Long-term debt issued in connection with the exchange of Series A convertible preferred stock	546	-	-
Increase in pension intangible	2	13	19
Net unrealized gain (loss) on investments	4	(3)	-
Increase in additional capital invested in connection with the conversion of subordinated debentures to common stock	1	-	-

(22) Selected Quarterly Financial Data (Unaudited)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
	(In Millions)				
1995:					
Operating revenues	\$3,334	\$3,815	\$4,127	\$3,667	\$14,943
Earnings from operations	38	302	467	22	829
Earnings (loss) before extraordinary item	3	151	243	(19)	378
Extraordinary loss on early extinguishment of debt	-	-	-	(29)	(29)
Net earnings (loss)	\$ 3	\$ 151	\$ 243	\$ (48)	\$ 349
Per share amounts, primary:					
Earnings (loss) before extraordinary item	\$(1.05)	\$12.00	\$14.06	\$(4.15)	\$ 21.86
Extraordinary loss on early extinguishment of debt	-	-	-	(2.35)	(1.85)
Net earnings (loss)	\$(1.05)	\$12.00	\$14.06	\$(6.50)	\$ 20.01
Net earnings (loss) per share, fully diluted	\$(1.05)	\$10.94	\$12.87	\$(6.50)	\$ 19.11
1994:					
Operating revenues	\$3,195	\$3,502	\$3,814	\$3,439	\$13,950
Earnings (loss) from operations	(36)	167	312	78	521
Earnings (loss) before cumulative effect of accounting changes	(71)	55	82	11	77
Cumulative effect of accounting changes	(26)	-	-	-	(26)
Net earnings (loss)	\$ (97)	\$ 55	\$ 82	\$ 11	\$ 51
Per share amounts, primary:					
Earnings (loss) before cumulative effect of accounting changes	\$(3.31)	\$ 1.89	\$ 4.24	\$(0.98)	\$ 0.76
Cumulative effect of accounting changes	(1.06)	-	-	-	(1.37)
Net earnings (loss)	\$(4.37)	\$ 1.89	\$ 4.24	\$(0.98)	\$ (0.61)
Net earnings (loss) per share, fully diluted	\$(4.37)	\$ 1.89	\$ 4.21	\$(0.98)	\$ (0.61)

The Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1994. The effect of adopting SFAS No. 112 was a cumulative charge for recognition of the transition liability of \$42 million, before tax benefits of \$16 million.

In connection with the July 1994 recapitalization, the Company incurred pretax costs of \$19 million, \$22 million and \$128 million in the first, second and third quarters, respectively, including transaction costs and severance payments to certain former United employees. Of these costs, \$48 million were recorded as operating expenses in the third quarter, while the remaining costs were recorded in "Miscellaneous, net."

Earnings per share were calculated after providing for the following preferred stock dividend requirements (in millions):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
1995	\$16	\$13	\$13	\$11	\$53
1994	\$ 9	\$ 9	\$20	\$21	\$59

In April 1995, UAL issued convertible subordinated debentures in

exchange for its Series A preferred stock. As a result of the exchange, the Company recorded a non-cash increase of \$45 million in additional capital invested representing the excess of the carrying value of the preferred stock exchanged over the fair value of the new debentures. Earnings available to common shareholders were increased in the 1995 second quarter and twelve-month period by this amount. Additionally, the Company repurchased 4,260 shares of its Series B preferred stock during 1995. As a result of paying amounts in excess of the stock's liquidation preference for these shares, earnings available to common shareholders were reduced by \$2 million in the 1995 second quarter and \$22 million in the 1995 fourth quarter.

Earnings available to common stockholders were also reduced by \$3 million in the 1994 fourth quarter and twelve-month period for the excess of amounts paid to reacquire UAL preferred stock over the liquidation preference of such stock. In the 1995 second and third quarters and the 1994 third quarter, primary per share amounts were based on weighted average common shares and common equivalents outstanding, including ESOP shares committed to be released. Fully diluted per share amounts assume the exercise of stock options and vesting of restricted stock at the beginning of the periods and, for the 1995 second and third quarters, the conversion of convertible preferred stock and elimination of related dividends. The fully diluted per share amount for the 1994 third quarter does not assume conversion of convertible preferred stock since the effect is antidilutive. In the computations for the 1995 first and fourth quarters and the 1994 first, second and fourth quarters and year, common stock equivalents were not included as they did not have a dilutive effect.

In connection with the July 1994 recapitalization, each old common share was exchanged for one half new common share. As required under generally accepted accounting principles for transactions of this type, the historical weighted average shares outstanding have not been restated.

Thus, direct comparisons between 1995 and 1994 per share amounts are not meaningful.

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

UAL Corporation Subsidiaries

Subsidiary	Place of Incorporation	Business Name
Air Wis Services, Inc.	Wisconsin	Air Wis Services, Inc.
Four Star Insurance Company, Ltd.	Bermuda	Four Star Insurance Company, Ltd.
UAL Leasing Corporation	Delaware	UAL Leasing Corporation
United Air Lines, Inc.	Delaware	United Air Lines, Inc.

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in the UAL Corporation Form 10-K for the year ended December 31, 1995, into the Company's previously filed Post-Effective Amendment No. 1 to Form S-8 Registration Statement (File No. 2-67368) and Post-Effective Amendment No. 2 to Form S-8 Registration Statement (File No. 33-37613) for the Employees' Stock Purchase Plan of UAL Corporation; Post-Effective Amendment No. 1 to Form S-8 Registration Statement (File No. 33-38613) for the United Air Lines, Inc. Management and Salaried Employees' 401(k) Retirement Savings Plan; Form S-8 Registration Statement (File No. 33-57331) and Post-Effective Amendment No. 1 to Form S-8 Registration Statement (File No. 33-44552) for the United Air Lines, Inc. Ground Employees' 401(k) Retirement Savings Plan; Form S-8 Registration Statement (File No. 33-62749) and Post-Effective Amendment No. 1 to Form S-8 Registration Statement (File No. 33-44553) for the United Air Lines, Inc. Flight Attendant Employees' 401(k) Retirement Savings Plan; Post-Effective Amendment No. 2 to Form S-8 Registration Statement (File No. 33-41968), Form S-8 Registration Statement (File No. 33-10206) and Form S-8 (File No. 33-61007), for the UAL Corporation 1981 Incentive Stock Plan; Form S-8 Registration Statement (File No. 33-58385) for Stock in Lieu of Cash Bonuses for Certain Executive Officers; Form S-8 Registration Statement and Post-Effective Amendment No. 1 to Form S-8 Registration Statement (File No. 33-60675) for Directors Fees Taken in Stock Under UAL Corporation 1995 Directors Plan; Form S-3 Registration Statement (File No. 33-57192), as amended; Post-Effective Amendment No. 1 to Form S-8 Registration Statement (File No. 33-59950) for the United Air Lines, Inc. Pilots' Directed Account Retirement Income Plan; Form S-4 Registration Statement (File No. 33-57579), as amended; and Form S-8 Registration Statement (File No. 333-01437) for Stock in Lieu of Cash Bonuses for Certain Officers.

/s/ Arthur Andersen LLP

Arthur Andersen LLP

Chicago, Illinois
March 8, 1996

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1995 AND STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

DEC-31-1995		
JAN-01-1995		
DEC-31-1995		
12-MOS		194
	949	
	970	
	19	
	298	
3,043		12,677
5,656		
11,641		
4,433		3,913
0		0
		0
		(239)
11,641		0
	14,943	0
		0
	14,114	
	0	
	0	
	399	
	621	
	243	
378		
	0	
	(29)	
		0
	349	
	20.01	
	19.11	

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the

Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 1995

Employees' Stock Purchase Plan of UAL Corporation
(Full title of the Plan)

UAL Corporation
(Employer sponsoring the Plan, issuer of the
participations in the Plan and issuer of
the shares held pursuant to the Plan)

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To UAL Corporation:

We have audited the accompanying statement of financial position of the Employees' Stock Purchase Plan of UAL Corporation (the "Plan") as of December 31, 1995 and 1994 and the related statement of changes in participants' equity for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 the Plan's administrator, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 1995 and 1994 and the changes in its participants' equity for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois
February 28, 1996

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the sponsor and issuer of the participants of the Plan, UAL Corporation, has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

UAL Corporation

Administrator

Dated February 28, 1996

By /s/ Douglas A. Hacker

Douglas A. Hacker
Senior Vice President - Finance

EMPLOYEES' STOCK PURCHASE PLAN
OF UAL CORPORATION
STATEMENT OF FINANCIAL POSITION
(In Thousands, Except Number of Shares)

	December 31	
	1995	1994
	-----	-----
ASSETS		
Cash	\$ -	\$ 250
Participants' payroll deductions receivable from UAL Corporation	88	71
Investment in common stock of UAL Corporation, at quoted market value (1995 - 126,762 shares, cost \$12,499; 1994 - 124,429 shares, cost \$11,263).	22,524	10,880
	-----	-----
	\$22,612	\$11,201
	=====	=====
LIABILITIES AND PARTICIPANTS' EQUITY		
Payable to terminating and partially withdrawing participants, at quoted market value (1995 - 2,621 shares, cost \$254; 1994 - 1,271 shares, cost \$116).	\$ 466	\$ 112
Participants' equity	22,146	11,089
	-----	-----
	\$22,612	\$11,201
	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

EMPLOYEES' STOCK PURCHASE PLAN
OF UAL CORPORATION
STATEMENT OF CHANGES IN PARTICIPANTS' EQUITY
(In Thousands)

	Year Ended December 31		
	1995	1994	1993
	-----	-----	-----
Balance at beginning of year	\$11,089	\$36,768	\$43,505
	-----	-----	-----
Increase (decrease) during year:			
Participants' payroll deductions	2,975	4,601	8,600

Company contribution	-	-	227
Realized gain on stock distributed to participants	1,208	4,925	1,416
Unrealized appreciation (depreciation) in value of investment	10,408	(9,090)	3,761
Stock and cash for fractional shares distributed or amounts payable to participants, at market value	(3,534)	(6,489)	(20,741)
Cash distributed in connection with recapitalization	-	(19,626)	-
	-----	-----	-----
	11,057	(25,679)	(6,737)
	-----	-----	-----
Balance at end of year	\$22,146	\$11,089	\$36,768
	=====	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

EMPLOYEES' STOCK PURCHASE PLAN
OF UAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

(1) The Plan

The Employees' Stock Purchase Plan of UAL Corporation (the "Plan") is sponsored by UAL Corporation ("UAL"). UAL offers participation in the Plan to eligible employees of UAL and its subsidiaries.

(2) Purchase and Distribution of Stock

The Plan invests only in the common stock of UAL. From January 1, 1991 through January 31, 1993, participants purchased stock at a 15% discount from current market prices. The difference between the market price and the participant's cost was contributed by United Airlines, Inc., a UAL subsidiary. Effective February 1, 1993, the 15% discount was discontinued.

Purchases are made by the Plan monthly, and the shares purchased are credited to the accounts of each participant on the basis of the ratio of the participant's contribution to total participants' contributions for the month. The cost of common stock purchased for the Plan includes all brokerage charges involved in the purchase.

When shares of stock are distributed to the individual participants pursuant to the terms of the Plan, the market value of such shares is removed from the investment account of the Plan.

Terminating participants receive a certificate for the full number of shares, plus cash for the fractional shares, held for their accounts. Partially withdrawing participants receive certificates for the full number of shares withdrawn. There are no forfeiture provisions under the Plan with respect to participants' contributions.

(3) Investment in Common Stock of UAL

The investment in common stock of UAL is valued at the year-end published market prices as reported by the New York Stock Exchange.

(4) Realized Gain on Stock Distributed to Participants

Gains on stock distributed to participants are realized to the extent of the difference between cost at acquisition and market value at the date of distribution.

(5) Unrealized Appreciation (Depreciation) in Value of Investment

The unrealized appreciation (depreciation) in the value of investment is the change from the prior year-end to the current year-end in the difference between the market value and the cost of the investment.

The following is a summary of unrealized appreciation (depreciation):

	1995	1994	1993
	-----	-----	-----
	(In Thousands)		
Balance at beginning of year	\$ (383)	\$ 8,707	\$ 4,946
Increase (decrease) during year	10,408	(9,090)	3,761

Balance at end of year	----- \$10,025 =====	----- \$ (383) =====	----- \$ 8,707 =====
------------------------	----------------------------	----------------------------	----------------------------

(6) Administrative Expenses of the Plan

All administrative expenses of the Plan are paid by UAL.

(7) Federal Income Tax

Under existing federal income tax laws, the Plan is not subject to federal income tax. Any dividend income is taxable to the participants upon distribution and receipt. When any shares of stock or rights acquired under the Plan are sold by or for a participant, any gain or loss must be recognized by that participant.

The 15% discount which was offered to participants was also considered taxable income to the participant.

(8) Employee Investment Transaction and Recapitalization

On July 12, 1994, the shareholders 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 will be allocated to individual employees through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as a part of the recapitalization. Pursuant to the terms of the plan of recapitalization, holders of old UAL common stock received approximately \$2.1 billion in cash and the remaining 45% of the equity in the form of new common stock, which was issued at the rate of one half share of new common stock for each share of old common stock.

The cash consideration received by the Plan was distributed to Plan participants at a rate of \$84.81 per old common share held in the Plan as of July 12, 1994. Additionally, each old common share held by participants as of this date was exchanged for one half new common share, thereby reducing the Plan participants' balances proportionately.